

Decision **PROPOSED DECISION OF ALJ HYMES** (Mailed 3/4/2024)

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

Application of PACIFIC GAS AND  
ELECTRIC COMPANY (U39E) for Review  
of the Disadvantaged Communities –  
Green Tariff, Community Solar Green  
Tariff and Green Tariff Shared  
Renewables Programs.

Application 22-05-022

And Related Matters.

Application 22-05-023

Application 22-05-024

**DECISION MODIFYING GREEN ACCESS PROGRAM TARIFFS  
AND ADOPTING A COMMUNITY RENEWABLE ENERGY PROGRAM**

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**Appendix A** – Pacific Gas and Electric Company's Cost Comparison of the Net Value Billing Tariff and a Wholesale Resource

## **DECISION MODIFYING GREEN ACCESS PROGRAM TARIFFS AND ADOPTING A COMMUNITY RENEWABLE ENERGY PROGRAM**

### **Summary**

Pursuant to Assembly Bill (AB) 2316 (Ward) Stats. 2022 and Public Utilities (Pub. Util.) Code Section 769.3, this decision presents the culmination of an evaluation of current customer renewable energy subscription programs, also known as Green Access Program tariffs, and the consideration of adoption of a community renewable energy program.

As described herein, while the current Green Access Program tariff options do not meet all the evaluation goals described in AB 2316, the California Public Utilities Commission (Commission) finds it efficient – in terms of costs and resources – to modify and streamline existing Green Access Program tariffs to better meet these goals. Further, the Commission finds that it is beneficial to ratepayers to adopt a community renewable energy program by layering a customer subscription model and a non-ratepayer-funded adder onto identified standard supply-side tariffs and contract mechanisms that meet the requirements of AB 2316 and Pub. Util. Code Section 769.3.

### **1. Background**

The following subsections describe the legislation associated with three filed applications to review existing Green Access Program tariff programs that are the subject of this proceeding,<sup>1</sup> previous California Public Utilities Commission (Commission) actions leading to the filing of the applications, and the procedural background of the three applications.

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<sup>1</sup> The Commission's Energy Division has coined the term Green Access Program tariffs (sometimes referred to as GAP tariffs) to include the following tariffs: Green Tariff Shared Renewables, Disadvantaged Communities – Green Tariff, and Community Solar Green Tariff. These tariffs are described in Sections 1.2.1-1.2.2.

## **1.1. Legislative Background**

Three California bills signed into law provide the statutory framework for this proceeding: Senate Bill (SB) 43 (Wolk) Stats. 2013, ch. 413; Assembly Bill (AB) 327 (Perea) Stats. 2013, ch. 611; and AB 2316 (Ward) Stats. 2022, ch. 350. The subsections below present a description of each piece of legislation.

### **1.1.1. Senate Bill 43**

On September 28, 2013, California Governor Edmund G. Brown approved SB 43 which added Chapter 7.6 (beginning with Section 2831) to Part 2 of Division 1 of the Public Utilities (Pub. Util.) Code, creating the Green Tariff Shared Renewables (GTSR) Program. The intention of the Legislature in creating this program was to implement a program “in such a manner that facilitates a large, sustainable market for offsite electrical generation from facilities that are eligible renewable energy resources, while fairly compensating electrical corporations for the services they provide, without affecting nonparticipating ratepayers.”<sup>2</sup> The Legislature also intended that the “program be implemented in a manner that ensures nonparticipating ratepayer indifference for the remaining bundled service, direct access, and community choice aggregator customers.”<sup>3</sup>

SB 43 directed the Commission to require participating utilities<sup>4</sup> to administer a GTSR Program that includes the following criteria: (1) the participating generating facilities shall be eligible renewable energy resources with a generating capacity less than or equal to 20 megawatts (MW); (2) using

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<sup>2</sup> Pub. Util. Code § 2831(g).

<sup>3</sup> Pub. Util. Code § 2831(h).

<sup>4</sup> A participating utility is an electrical corporation with 100,000 or more customer accounts in California. (Pub. Util. Code § 2831.5(b)(2).)

Commission-approved tools and mechanisms,<sup>5</sup> utilities shall procure eligible renewable energy resources that are in addition to those required by the California Renewables Portfolio Standard (RPS) Program; (3) utilities shall permit their service area customers to purchase electricity pursuant to the Commission approved tariff (up to the utility's share of the 600 MW limit) but with a per customer limitation of no more than 100 percent of a customer's usage and no more than two megawatts of the nameplate generating capacity; (4) participating customers shall pay a renewable generation rate established by the Commission as well as utilities' administrative costs and other charges determined to be just and reasonable; (5) participating customer's rates shall be debited or credited with other costs; (6) to the extent possible, utilities shall procure resources located in reasonable proximity to enrolled participants and actively market the program to low-income and minority communities and customers; (7) utilities shall not allow any single entity to subscribe to more than 20 percent of any single calendar year's capacity; (8) customers shall receive bill credits for generation using the class average retail generation cost plus a renewables adjustment value; (9) utilities shall provide support for enhanced community renewables (ECR) programs; (10) utilities shall track and account for all revenues and costs to ensure recovery of actual costs; (11) utilities shall retire renewable energy credits utilized by a participating customer; (12) utilities shall ensure that renewable energy resources procured on behalf of customers participating in this program comply with the California Air Resources Board's

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<sup>5</sup> Commission-approved tools and mechanisms are defined as those procurement methods approved by the Commission for an electrical corporation to procure eligible renewable energy resources for purposes of meeting the procurement requirements of the California RPS Program. (Pub. Util. Code § 2833(c).)



Voluntary Renewables Electricity Program; and (13) the Commission shall ensure no costs are shifted from participating customers to nonparticipating customers.

SB 43 originally included a termination clause that was removed by SB 840 Stats. 2016, ch. 341, Sec. 12. Further, AB 2838 (O'Donnell) Stats. 2022, ch. 418 authorized the Commission, on and after April 1, 2023, to allow electrical corporations of 100,000 or more customer accounts to terminate a GTSR Program through an advice letter.

#### **1.1.2. Assembly Bill 327**

On October 7, 2013, California Governor Brown approved AB 327. Relevant to this proceeding and decision, AB 327 added Section 2827.1 to the Public Utilities Code requiring the Commission to: (1) develop a standard contract or tariff for eligible customer-generators with a renewable electrical generation facility; and (2) require large electrical corporations that have reached the net energy metering program limit described in Pub. Util. Code Section 2827 to offer the standard contract or tariff to eligible customer-generators. Most relevant to this proceeding and decision, AB 327 required that the Commission ensure that the standard contract or tariff “includes specific alternatives designed for growth among residential customers in disadvantaged communities.”<sup>6</sup>

#### **1.1.3. Assembly Bill 2316**

On September 16, 2022, California Governor Gavin Newsom approved AB 2316. AB 2316 added Section 769.3 to the Public Utilities Code. The intention of the new code section is “to create a community renewable energy program so that all Californians, especially those unable to host a rooftop solar system,

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<sup>6</sup> See Pub. Util. Code § 2827.1(b)(1).

realize the benefits of distributed generation through a cost-effective program that provides benefits to all ratepayers.” As further detailed below, AB 2316 requires the Commission to: (1) evaluate by March 31, 2024, each existing customer renewable energy subscription program (pursuant to Pub. Util. Code Section 2827.1); and (2) determine whether it would be beneficial to ratepayers to establish a new community renewable energy program or tariff or modify the existing customer renewable energy subscription programs (referred to from here onward as Green Access Program tariffs.)

With the evaluation of the existing Green Access Program tariffs, the Commission is required to determine whether each tariff: (1) efficiently serves distinct customer groups; (2) minimizes duplicative offerings; and (3) promotes robust participation by low-income customers. The Commission is also required to consider the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a renewable energy subscription program. Further, the legislation requires the Commission “to authorize the termination or modification” of existing Green Access Program tariffs should a tariff not meet the three criteria.

AB 2316 also provides the Commission with the option to establish a community renewable energy program if it determines that such a program would be beneficial to ratepayers. The community renewable energy program, if established, shall do the following: (1) be complementary to and consistent with the requirements of Section 10-115 of the California Building Standards Code, *i.e.*, Title 24 of the California Code of Regulations; (2) ensure at least 51 percent of the program’s capacity serves low-income customers; (3) minimize impacts to nonparticipating customers by prohibiting the program’s costs from being paid by nonparticipating customers in excess of the avoided costs; (4) ensure

compliance with Section 1773 and Section 1773.9 of the Labor Code, *i.e.*, prevailing wages requirement; (5) provide bill credits to subscribers based on the avoided costs of program's facilities; and (6) prioritize the maximum use of state and federal incentives and accelerate implementation of the program to ensure that time- or quality-limited federal incentives can be obtained for the benefit of subscribers.

The legislation required that, by March 31, 2024, the Commission shall complete the evaluation of the existing Green Access Program tariffs and determine whether to authorize the termination or modification of existing tariffs and/or determine whether to develop a new community renewable energy program tariff to be established on or before July 1, 2024.<sup>7</sup>

## **1.2. Commission Actions to Implement Senate Bill 43 and Assembly Bill 327**

The following subsections describe the Commission's actions in implementing SB 43 and AB 327.

### **1.2.1. Implementation of Senate Bill 43 through Decision 15-01-051 and Decision 16-05-031**

On January 29, 2015, the Commission approved Decision (D.) 15-01-051, which implemented SB 43 by creating the GTSR Program administered by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) (collectively, Utilities). The program consists of a green tariff option (GTSR-GT), which allows customers to purchase energy with a greater share of renewables, and an ECR option (GTSR-ECR), which allows customers to purchase renewable energy from community-based projects.

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<sup>7</sup> Pub. Util. Code §§ 769(b)(1)(A)-(b)(2)(A).

Pertinent to this decision, D.15-01-051 created the GTSR-GT and GTSR-ECR programs to align with the requirements of SB 43. Among those requirements is a capacity limitation of 600 MW of customer participation, which is “measured by nameplate rated generating capacity of facilities either used to supply, or built to supply, GTSR customers.”<sup>8</sup> Additionally, the decision reiterated that “each utility shall be responsible for its proportionate share ‘calculated based on the ratio of each participating utility’s retail sales to total retails sales of electricity by all participating utilities.’”<sup>9</sup> Noting that the statute does not place restrictions on the portion of the 600 MW delineated to either the Green Tariff or the ECR options, D.15-01-051 formally adopts the reservation requirements from the statute: (1) 100 MW for facilities less than or equal to one megawatt located in the most impacted and disadvantaged communities are identified by the California Environmental Protection Agency, which D.15-01-051 names the Environmental Justice (EJ) reservation;<sup>10</sup> (2) 100 MW for residential customers;<sup>11</sup> and (3) 20 MW for the City of Davis.<sup>12</sup>

The Commission found that it would be fair to allocate the required megawatts to the EJ reservation and residential facilities using the same retail sales proportion calculation used for the overall 600 MW limitation; although using this calculation is not required by statute. Accordingly, the Commission adopted the following allocation of capacity as shown in Table 1 below.

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<sup>8</sup> D.15-01-051 at 4; *see also* Pub. Util. Code § 2833(d).

<sup>9</sup> D.15-01-051 at 4 citing Pub. Util. Code § 2833(d).

<sup>10</sup> D.15-01-051 at 4 citing Pub. Util. Code § 2833(d)(1).

<sup>11</sup> D.15-01-051 at 4 citing Pub. Util. Code § 2833(d)(2).

<sup>12</sup> D.15-01-051 at 4 citing Pub. Util. Code § 2833(d)(3).

**Table 1**  
**Allocation of Capacity**

	<b>Percentage of Total Utility Bundled Sales</b>	<b>Total (MW)</b>	<b>EJ (MW)</b>	<b>Davis (MW)</b>	<b>Unreserved (MW)</b>
<b>PG&amp;E</b>	45.25%	272	45	20	207
<b>SDG&amp;E</b>	9.87%	59	10	N/A	49
<b>SCE</b>	44.88%	269	45	N/A	224
<b>Total</b>	100%	600	100	20	480

Other adopted details of the programs that were not directed by the statute include the: (1) tracking of customer enrollments by communities served; (2) establishment of a minimum project size of 500 kilowatts (kW); (3) requirement that prices for GTSR projects be consistent with similar California RPS projects; (4) limitation of procurement to solar resources; (5) use of CalEnviroScreen data to identify the most impacted 20 percent of communities; (6) establishment of an adjusted Default Load Aggregation Point price as the price for unsubscribed energy for the GTSR-ECR; (7) defining community as customers within the same municipality or county; (8) establishment of criteria to assess community interest in the ECR; (9) establishment of criteria for GTSR-ECR subscribers; and (10) establishment of community advisor groups for GTSR.

Subsequently, the Commission also adopted D.16-05-006, which refined the ECR option by expanding the projects allowed to participate in Renewable Auction Mechanism solicitations to include ECR projects between 500 kW and 20 MW and ECR-EJ projects between 500 kW and one megawatt. D.16-05-006 also directed Utilities to hold two annual Renewable Auction Mechanism solicitations.

### **1.2.2. Implementation of Assembly Bill 327 Through Decision 18-06-027**

D.18-06-027 adopted three new programs to promote the installation of renewable generation among residential customers in disadvantaged communities as required by AB 327. These three programs (described below) work with the previously adopted Solar on Multifamily Affordable Housing (SOMAH) program<sup>13</sup> to provide various tools to facilitate the installation of renewable generation to differently situated customers in disadvantaged communities. Furthermore, in adopting three different programs, the Commission intended to offer residential low-income households' options that are comparable to those accessed by residential general market customers.

The Disadvantaged Communities – Single-family Affordable Solar Homes (DAC-SASH) program was modeled after the Single-family Affordable Solar Homes (SASH) program<sup>14</sup> and provides assistance in the form of upfront financial incentives towards the installation of solar generating systems on the homes of low-income homeowners. The Disadvantaged Communities (DAC) Green Tariff (DAC-GT) program is modeled after the Green Tariff portion of the GTSR described above and was designed for customers who live in disadvantaged communities and meet the income eligibility requirements for the

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<sup>13</sup> Pursuant to AB 693 (Eggman), Stats. 2015, ch. 582 (the Multifamily Affordable Solar Housing (MASH) Roofs Program), the Commission adopted D.17-12-022 that approved the SOMAH program. The SOMAH program provides low-income customers access to clean solar electric generation, with a provision to increase solar installations in disadvantaged communities.

<sup>14</sup> The Commission approved D.07-11-045, adopting the SASH program, pursuant to AB 2723 (Pavley) Stats. 2006, ch. 864. AB 2763 required the Commission to ensure that no less than ten percent of the overall funding for the California Solar Initiative be used for installation of solar energy systems on low-income residential housing. Subsequently, in D.08-10-036, the Commission adopted the MASH program to provide incentives for solar installations on multifamily affordable housing.

California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs. The DAC-GT program provides a 20 percent rate discount compared to the otherwise applicable tariff. D.18-06-027 also adopted the Community Solar Green Tariff (CSGT) program, which is another variation on the GTSR program and is structured similarly to the DAC-GT program. The CSGT program allows a minimum of 50 percent low-income customers in disadvantaged communities to benefit from the development of solar generation projects located in their own or nearby disadvantaged communities. The DAC-GT and CSGT programs are funded through greenhouse gas allowance proceeds and public purpose program funds.

Most relevant to this proceeding, D.18-06-027 directed Utilities to each file an application for review of their DAC-GT and the CSGT programs no later than January 1, 2021. The deadline was extended twice, first to January 1, 2022 and then to May 31, 2022 (60 days following issuance of the DAC-GT and CSGT Program independent evaluation report.)<sup>15</sup>

### **1.3. Related Work in Application 12-01-008, *et al.***

In Application (A.) 12-01-008 *et al.*, the Commission adopted D.21-12-036, *Decision Resolving Three Petitions for Modification of Decision (D.) 15-01-051 and D.16-05-006 that Adopted or Modified the Green Tariff Shared Renewables Program*. D.21-12-036 granted the petition filed by PG&E to address a problem of oversubscription in the GTSR and granted the request by Central Coast Community Energy, the City and County of San Francisco, East Bay Community

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<sup>15</sup> D.18-06-027 authorized Energy Division to oversee an evaluation of the DAC-GT and the CSGT programs. The March 31, 2022 *Process Evaluation of the Disadvantaged Communities Green Tariff and Community Solar Green Tariff Programs, Final Report* can be accessed at: [https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/solar-in-disadvantaged-communities/dac-gt-and-csgt-evaluation-final-report\\_033122v2.pdf](https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/solar-in-disadvantaged-communities/dac-gt-and-csgt-evaluation-final-report_033122v2.pdf).

Energy (EBCE), Marin Clean Energy (MCE), Peninsula Clean Energy (PCE), Pioneer Community Energy, San José Clean Energy, Silicon Valley Clean Energy Authority, Sonoma Clean Power, and Valley Clean Energy Alliance (collectively, Joint Petitioning Community Choice Aggregators (Joint Petitioning CCAs)) to revise PG&E's calculation of the Retained Resource Adequacy rate adder. However, related to this decision, D.21-12-036 denied requests by the Joint Petitioning CCAs to require SCE and SDG&E to align their GTSR tariffs with PG&E's tariff, directing this issue to be addressed in the instant proceeding.<sup>16</sup> The third petition involved Coalition for Community Solar Access (CCSA), who requested the Commission to modify the ECR program. The Commission declined to grant this request, stating that these and any issue considered beyond the scope of the Commission's advice letter process, or requiring formal approval, should be considered in the instant proceeding.<sup>17</sup> Lastly, Ordering Paragraph 11 of D.21-12-036 directed Utilities to include implementation details of their GTSR programs in their 2022 DAC-GT and CSGT applications for review.

#### **1.4. Related Work in Rulemaking 20-08-020**

Prior to the filings required by D.18-06-027, the Commission initiated a revisit of the net energy metering tariffs in Rulemaking (R.) 20-08-020 as required by Pub. Util. Code Section 2827.1. Parties in the rulemaking served testimony and filed briefs that included recommendations for a community renewable

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<sup>16</sup> D.21-12-036 at Ordering Paragraph 14 directed that the Joint Petitioning CCAs may raise the remaining issues in a timely and relevant proceeding that reexamines, reviews, or revises the GTSR program, including the forthcoming 2022 DAC-GT and CSGT applications for review.

<sup>17</sup> D.21-12-036 at Ordering Paragraph 15 permits CCSA to raise the issues presented in their petition for modification in a timely and relevant proceeding that reexamines, reviews, or revises the GTSR program, including the forthcoming 2022 DAC-GT and CSGT applications for review. (*See also* D.21-12-036 at Ordering Paragraph 16.)



energy program tariff. D.22-12-056 pointed to the instant proceeding, stating that the “Commission recognizes that a community renewable energy program tariff has the potential to benefit the grid and ratepayers” and thus called for the review of options to be considered in a narrower context (*i.e.*, A.22-05-022) allowing a comparison of costs and benefits of the existing Green Access Program tariff programs with those costs and benefits of the new proposals.<sup>18</sup>

### **1.5. The Avoided Cost Calculator**

This decision references the Commission’s Avoided Cost Calculator. The following description of the Avoided Cost Calculator is taken from D.20-04-010, *2020 Policy Updates to the Avoided Cost Calculator*.

The Avoided Cost Calculator is used to determine the primary benefits of distributed energy resources across Commission proceedings, the primary benefits being the avoided costs related to the provision of electric and natural gas service. The Avoided Cost Calculator calculates six types of avoided costs: generation capacity, energy, transmission and distribution capacity, ancillary services, renewables portfolio standard, and greenhouse gas emissions. The outputs of the Avoided Cost Calculator feed into the cost-benefit analysis for distributed energy resources.

The Commission approved the first Avoided Cost Calculator in 2005 with the adoption of Decision (D.) 05-04-024. A consultant for the Commission, E3, provided “a straightforward costing methodology that is implemented using a spreadsheet model and publicly available data, resulting in avoided cost estimates that are transparent and can be easily updated to reflect changes in major cost drivers.”<sup>19</sup> In that decision, the Commission directed [Utilities] to use the adopted Avoided Cost Calculator to determine the combination of programs that would best provide

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<sup>18</sup> D.22-12-056 at 187-189, *i.e.*, Section 8.6.3 Community Project Tariffs.

<sup>19</sup> D.05-04-024 at 9.

cost-effective energy savings and meet our adopted savings goals.

Fifteen years later, the current Avoided Cost Calculator is an Excel-based spreadsheet model. The output of the model is a set of hourly values over a 30-year time horizon that represent marginal costs a utility would avoid in any given hour if a distributed energy resource avoided the provision of energy during that hour. It is important to note that the Avoided Cost Calculator does not determine if a particular distributed energy resources avoids a particular cost. Rather, these avoided costs are compared with energy savings and other program characteristics to estimate program benefits, which are used in determining the cost-effectiveness of a resource.

The Avoided Cost Calculator is updated annually to improve the accuracy of how benefits of distributed energy resources are calculated. The Avoided Cost Calculator has been updated over the years to more closely reflect changing state policies, such as adding value for avoided greenhouse gas emissions. Other minor adjustments have been made as a response to evolving markets.

In the *Decision Revising Net Energy Metering Tariff and Subtariffs*, the Commission concluded it reasonable to base retail export compensation rates on values derived from the Avoided Cost Calculator.<sup>20</sup> Up to that point, the Commission had only used the outputs of the Avoided Cost Calculator, i.e., avoided cost values, as inputs to the four Standard Practice Manual tests used to analyze the cost-effectiveness of a distributed energy resource. The Commission stated that using the avoided cost values instead of the retail import rate brings the cost of the successor tariff for utilities closer to its value.<sup>21</sup>

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<sup>20</sup> D.22-12-056 at Conclusion of Law 18.

<sup>21</sup> D.22-12-056 at 104.

### **1.6. Procedural Background**

On May 31, 2022, pursuant to D.18-06-027 and D.21-12-036, Utilities each filed an application for review of the DAC-GT, the CSGT, and the GTSR programs, *i.e.*, Green Access Program tariffs. Responses to the applications were filed on July 1, 2022 by the Public Advocates Office at the Public Utilities Commission (Cal Advocates) and the City and County of San Francisco, and on July 6, 2022 by Center for Biological Diversity (CBD), CCSA, and Joint Community Choice Aggregators (Joint CCAs),<sup>22</sup> Small Business Utility Advocates (SBUA), Solar Energy Industries Association (SEIA), and The Utility Reform Network (TURN). PG&E filed a reply to the responses on July 18, 2022.

The assigned Administrative Law Judge issued a ruling on August 10, 2022 consolidating the three applications. On December 2, 2022, the assigned Commissioner issued a Scoping Memo and Ruling (Scoping Memo), which established the scope and schedule for the proceeding and ruled that evidentiary hearings are not required (at that time).

As directed by the Scoping Memo schedule, parties served opening testimony on January 20, 2023, which included party evaluation of existing programs and proposals for revised and new programs. On February 27, 2023, the Commission's Energy Division hosted a workshop to discuss the proposals.

Pursuant to a February 23, 2023, *Administrative Law Judge's Ruling Revising the Procedural Schedule*, parties served amended testimony on March 15, 2023 and rebuttal testimony on April 7, 2023. Parties served surrebuttal testimony on

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<sup>22</sup> Joint CCAs include EBCE, MCE, PCE, San Jose Clean Energy (SJCE), Clean Power Alliance of Southern California, Lancaster Choice Energy, Pico Rivera Innovative Municipal Energy, San Jacinto Power, and San Diego Community Power (SDCP).

April 28, 2023.<sup>23</sup> Pursuant to an April 21, 2023 *Administrative Law Judge's Ruling Updating Procedural Schedule and Requiring Use of Briefing Outline*, the following parties filed opening briefs on May 17, 2023: Arcadia Power; Cal Advocates; California Building Industry Association (CBIA); California Environmental Justice Alliance (CEJA), Vote Solar, and Natural Resources Defense Council (collectively, CEJA, *et al.*); Clean Power Alliance of Southern California (CPA) and California Choice Energy Authority (CalChoice) (jointly, SoCal CCA); Coalition of California Utility Employees (CUE); CCSA; Cypress Creek Renewables, LLC (Cypress Creek); Joint CCAs; PG&E; SDG&E; SDCP with Clean Energy Alliance; SBUA; SEIA; SCE; and TURN.

The following parties filed reply briefs on May 30, 2023: Arcadia Power; Cal Advocates; CBD; CEJA, *et al.*; Clean Coalition; CUE; CCSA; Cypress Creek; Joint CCAs; PG&E; SDG&E; SBUA; SEIA; SCE; and TURN.

A June 23, 2023 *Administrative Law Judge's Ruling Setting Aside Submission of the Record to Seek Comments on Cost-Effectiveness Considerations* (June 23 Ruling) directed parties to file comments responding to specific questions. On July 31, 2023, the following parties filed opening comments to the June 23 Ruling: Arcadia Power; Cal Advocates; CBD; CEJA, *et al.*; Clean Coalition; CCSA; Joint CCAs; PG&E; SDG&E; SBUA; SEIA; Solar Landscape Origination, LLC (Solar Landscape); SCE; TURN; and Valta Energy, LLC (Valta Energy). On August 10, 2023, the following parties filed reply comments: Arcadia Power; Cal Advocates; CBD; CEJA, *et al.*; Clean Coalition; CCSA; Joint CCAs; PG&E; SDG&E; SBUA; SEIA; Solar Landscape; SCE; and TURN.

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<sup>23</sup> Pursuant to Rule 11.6 of the Commission's Rules of Practice and Procedure (Rules), PG&E requested and was granted a one-week extension of time for parties to serve sur-rebuttal testimony.

A November 6, 2023 *Ruling Setting Aside Submission of the Record to Seek Comments on Aspects of Net Value Benefit Tariff Proposal* (November 6 Ruling) provided additional information on the New York Value of Distributed Energy Resources (NY VDER) tariff and directed parties to file comments on questions regarding aspects of the CCSA Net Value Billing Tariff (NVBT), focusing on the value for capacity. (A description of the NY VDER is provided in Section 3.4.1 below.) The following parties filed opening comments on November 27, 2023: Arcadia Power; Cal Advocates; California Independent System Operator (CAISO); CEJA, *et al.*; CBD; Clean Coalition; CCSA; CUE; Joint CCAs; PG&E; PearlX Infrastructure LLC (PearlX); SDG&E; SBUA; SEIA; Solar Landscape; SCE; TURN; and Valta Energy. On December 4, 2023, the following parties filed replies: Arcadia Power; Cal Advocates; CEJA, *et al.*; Clean Coalition; CCSA; CUE; Joint CCAs; PG&E; PearlX; SDG&E; Solar Landscape; SCE; and TURN.

### **1.7. Submission Date**

This matter was submitted on December 4, 2023 upon filing of reply comments responding to questions posed in the November 6 Ruling.

## **2. Issues Before the Commission**

Pursuant to the Scoping Memo, the issues before the Commission and addressed in this decision are:

Part A. Evaluation of the Existing Green Access Program tariffs — A comprehensive evaluation of the performance of the existing Green Access Program tariffs, pursuant to the requirements of AB 2316, must address each of the following components:

1. Propose working definitions and criteria for the following goals outlined in AB 2316, to determine whether each program meets these goals: (a) efficiently serves distinct customer groups; (b) minimizes duplicative offerings; and

- (c) promotes robust participation by low-income customers.
- 2. Evaluate the GTSR program (including Green Tariff and ECR programs), the DAC-GT program, and the CSGT program, applying the objectives of AB 2316 to determine whether each program meets the following goals:
  - (a) efficiently serves distinct customer groups;
  - (b) minimizes duplicative offerings; and (c) promotes robust participation by low-income customers.
- 3. Consider the continuing growth of Community Choice Aggregators (CCAs) and any impact departing load may have on existing programs.

Part B. Recommendations for Improving Green Access  
Program tariffs – To improve the existing Green Access Program tariffs, parties may provide [proposals] to modify an existing tariff or program or provide a recommendation for establishing a new tariff or program, if doing so would be beneficial to ratepayers (taking into account AB 2838).

- 1. A viable recommendation must address the following issues: (a) How the recommendation specifically addresses any findings or gaps identified in your evaluation (or other parties' evaluations) of existing programs; (b) How a new community renewable energy program meets all of the requirements outlined in AB 2316, Pub. Util. Code Sections 769.3(c)(1)-(6); (c) Consider the continuing growth of CCAs and any impact departing load may have on new tariff proposals.
- 2. Depending on the program, a recommendation may address various issues and objectives, which are outlined in detail in Appendix A of the Scoping Memo.

### **3. Future of Green Access Program Tariffs**

Parties were directed to brief the Commission on the objectives of the existing Green Access Program tariffs, metrics to evaluate the existing tariffs, and a party-evaluation of the existing tariffs using those metrics. Based on these objectives and evaluations, parties were to provide options for the future

including proposals to modify the existing Green Access Program tariffs and proposals for a new community renewable energy program.

Below, this decision describes the party positions on the objectives and adopts a set of objectives for the Green Access Program tariffs. Based on the discussed objectives and party evaluations, the Commission finds that it is reasonable to modify existing Green Access Program tariffs. Further, based on the record of this proceeding, the Commission finds that the NVBT proposal for a new community renewable energy program based on the Commission's unique Avoided Cost Calculator does not meet the requirements of AB 2316, specifically the prohibition in Pub. Util. Code §769.3 (c)(3) against program costs being paid by nonparticipating customers in excess of the avoided costs.<sup>24</sup> However, as discussed below, the Commission finds it is beneficial to ratepayers to adopt a community renewable energy program that layers the proposed customer subscription model and a non-ratepayer-funded "add-on" onto one of several identified and existing standard supply-side tariffs and contract mechanisms. The Commission finds that this combination is compliant with federal law and meets the requirements of AB 2316.

### **3.1. Objectives of the Green Access Program Tariffs**

AB 2316 directs the Commission to do the following on or before March 31, 2024:<sup>25</sup>

- (A) Evaluate each customer renewable energy subscription program, including the Green Tariff Shared Renewables Program... and any program established as an alternative designed for growth among residential customers in

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<sup>24</sup> As described below, given this finding, the Commission declines to decide whether the NVBT proposal is compliant with federal law.

<sup>25</sup> Pub. Util. Code §§ 769.3(b)(1)(A)-(C).

disadvantaged communities... to determine if the program meets all of the following goals:

- (1) Efficiently serves distinct customer groups.
  - (2) Minimizes duplicative offerings.
  - (3) Promotes robust participation by low-income customers.
- (B) Consider, as part of the evaluation, the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a customer renewable energy subscription program.

If the Commission determines a customer renewable energy subscription program does not meet all of the goals described in subparagraph (A), the Commission may authorize the termination or modification of the program.

AB 2316 further states that the Commission shall by March 31, 2024: “[d]etermine whether it would be beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c).”<sup>26</sup>

Subdivision (c) of Pub. Util. Code Section 769.3 provides that a community renewable energy program, if established, shall do all of the following (summarized below):

- (1) Be complementary to, and consistent with, the requirements of Section 10-115 of the California Building Standards Code (Title 24 of the California Code of Regulations).
- (2) Ensure at least 51 percent of the program’s capacity serves low-income customers.

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<sup>26</sup> Pub. Util. Code § 769.3(b)(2).



- (3) Minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs.
- (4) That certain prevailing wage and other requirements apply to the construction of a community renewable energy facility pursuant to the program.
- (5) Provide bill credits to subscribers based on the avoided costs of the program's facilities.
- (6) Prioritize the maximum use of state and federal incentives and accelerate implementation of the program to ensure that time- or quantity-limited federal incentives can be obtained for the benefit of subscribers.

This decision first considers what the objectives of the Commission's final outcome should be, whether that outcome be a modification of an existing Green Access Program tariff, an adoption of a community renewable energy program, or adoption of a combination of these.

### **3.1.1. Summary of Party Comments**

Parties' positions on which criteria should be used to evaluate Green Access Program tariff options differ depending on whether the program is an existing, modified, or new program.

CUE, CEJA, *et al.*, CCSA, Cypress Creek, and SDG&E assert that in addition to the three goals of Pub. Util. Code Section 769.3(b)(1)(A), a new or modified program must be evaluated using the six criteria in Pub. Util. Code Section 769.3(c).<sup>27</sup> CCSA states that while AB 2316 is silent as to the goals of a modified program, a holistic reading suggests a modified program should meet the three goals, in addition to the six criteria.<sup>28</sup>

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<sup>27</sup> CEJA, *et al.* Reply Brief at 2, CCSA Opening Brief at 3, Cypress Creek Opening Brief at 2, SDG&E Opening Brief at 10, CUE Opening Brief at 2.

<sup>28</sup> CCSA Opening Brief at 3.

PG&E and Joint CCAs contend that while the three goals of Pub. Util. Code Section 769.3(b)(1)(A) apply to existing programs, the three goals and the six criteria of Pub. Util. Code Section 769.3(c) do not apply to modifications of existing Green Access Program tariffs, and the six criteria only apply to new program tariffs.<sup>29</sup> PG&E reasons that if the Legislature intended for modifications to existing programs to comply with these requirements, it would have stated so. PG&E adds that it does not make sense to apply Pub. Util. Code Section 769.3(c) to modifications of existing programs because if the Commission determined a modified existing program failed any of the six criteria, it could only terminate the existing program (and could not modify the existing program), which contradicts what is permitted under Pub. Util. Code Section 769.3(b)(1)(C).

Joint CCAs argue that based on statutory interpretation rules, the plain language of AB 2316 must first be considered to determine if there is ambiguity.<sup>30</sup> Joint CCAs states that AB 2316 is clear that the three goals of Pub. Util. Code Section 769.3(b)(1) apply to the evaluation of existing programs, and that Pub. Util. Code Section 769.3(c) applies to a new community renewable energy program if one is established. Joint CCAs further argue that the word “established” is defined as “bringing something into existence,” as in a new program, not an existing program.

Arcadia Power, SCE, and TURN state that the three goals of Pub. Util. Code Section 769.3(b)(1)(A) must be considered for existing programs, but do not take a position on the six criteria.<sup>31</sup> CBIA recommends that any new community

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<sup>29</sup> PG&E Reply Brief at 5, Joint CCAs Opening Brief at 3.

<sup>30</sup> Joint CCAs Reply Brief at 5.

<sup>31</sup> Arcadia Power Opening Brief at 2, SCE Opening Brief at 1, TURN Opening Brief at 2.

renewables program should be consistent with Section 10-115 of the Title 24 regulations, as stated in Pub. Util. Code Section 769.3(c).<sup>32</sup>

Cypress Creek, CCSA, SEIA, and SDG&E state that the preamble of AB 2316 provides the Legislature's intent "to create a community renewable energy program so that all Californians, especially those unable to host a rooftop solar system, realize the benefits of distributed generation through a cost-effective program that provides benefits to all ratepayers."<sup>33</sup> These parties claim that another objective of any Green Access Program tariff should be whether the program allows broad participation by all Californians (especially those that cannot host a rooftop solar system) through a cost-effective program.<sup>34</sup>

Some parties advocate for additional objectives beyond those outlined in AB 2316. Cypress Creek, SCE, and SEIA propose that an objective should be to align participating resources with grid needs.<sup>35</sup> SCE states that additional objectives should be to advance the state's climate goals by making green power available to customers, to contract based on customer demand, and to be lawful. SCE notes that requiring procurement of dedicated facilities does not offer adequate Green Access Program tariff options as it takes years for new facilities to come online.

PG&E recommends the following additional objectives: that programs are affordable and cost-efficient, provide customer choice in the simplest way, are technology neutral, are an accurate and transparent assessment of performance,

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<sup>32</sup> CBIA Opening Brief at 1.

<sup>33</sup> SDG&E Opening Brief at 10, Cypress Creek Opening Brief at 2.

<sup>34</sup> Cypress Creek Opening Brief at 2, CCSA Opening Brief at 4, SDG&E Opening Brief at 10, SEIA Opening Brief at 3.

<sup>35</sup> Cypress Creek Opening Brief at 2, SEIA Opening Brief at 3, SCE Opening Brief at 2.

maintain system safety, security, and reliability, and are equitable.<sup>36</sup> PG&E states that cost-shifting should be transparent and intended to support renewable access for low-income customers.

Cal Advocates supports additional objectives to include a locational requirement to encourage projects that realize the potential of avoided transmission and distribution costs, and a battery storage component to promote grid reliability.<sup>37</sup> CEJA, *et al.* recommend objectives include the Environmental and Social Justice Action (ESJ) Plan and in particular, to integrate equity and access considerations in Commission proceedings (Goal 1) and to increase investment in clean energy for ESJ communities (Goal 2).<sup>38</sup> CUE proposes developing new renewable resources and guaranteed bill savings for low-income customers.<sup>39</sup> SBUA recommends Green Access Program tariffs include small business customers.<sup>40</sup> CBIA advocates for Green Access Program tariffs to meet the California Energy Commission's (Energy Commission) Building Energy Efficiency Standards, Title 24, Part 1 and Part 6, which provide that new residential construction of three stories or less be powered by solar energy.<sup>41</sup>

Arcadia Power opposes adopting criteria in addition to the objectives included in AB 2316.<sup>42</sup> Arcadia Power states that there is no consensus around

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<sup>36</sup> PG&E Opening Brief at 3.

<sup>37</sup> Cal Advocates Opening Brief at 6.

<sup>38</sup> CEJA, *et al.* Opening Brief at 1.

<sup>39</sup> CUE Opening Brief at 2.

<sup>40</sup> SUBA Opening Brief at 3.

<sup>41</sup> CBIA Opening Brief at 1.

<sup>42</sup> Arcadia Power Reply Brief at 3.

the additional criteria, such as adopting locational requirements and project hiring parameters.

### **3.1.2. Discussion**

A broad range of parties agree that the three goals outlined in Pub. Util. Code Section 769.3(b)(1)(A) should be applied to evaluate each Green Access Program tariff. Parties also agree that Pub. Util. Code Section 769.3(b)(1)(B) should be part of the evaluation: to consider the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a customer renewable energy subscription program. The Commission concurs that these goals should be used to evaluate each Green Access Program tariff, whether existing, modified, or new.

While parties concede that the six criteria provided in Pub. Util. Code Section 769.3(c) apply to new program tariffs, parties disagree as to whether the six criteria apply when evaluating a modification to an existing program tariff. Pub. Util. Code Section 769.3(c) provides that “[t]he community renewable energy program, if established, shall do the following” before enumerating the six criteria. The Commission finds that the use of the phrase “if established” indicates that the criteria should apply only to new program tariffs that may be “established,” and not modifications to existing program tariffs. This is also consistent with Pub. Util. Code Section 769.3(b)(2) where the term “establish” is used in reference to a new tariff or program: “[d]etermine whether it would be beneficial to ratepayers to *establish* a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical

corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c).”<sup>43</sup>

Further, the legislative history of AB 2316 makes clear that the six criteria were meant to apply to new program tariffs, not modified program tariffs. The August 24, 2022 Assembly Floor analysis describing the amendments provides that “[t]he newly established program” must meet the enumerated criteria.<sup>44</sup> The August 26, 2022 Senate Floor analysis also provides that the bill amendments “narrow[ed] the application of criteria exclusively to the new proposed program....”<sup>45</sup> In addition, the Commission is persuaded by PG&E that if the six criteria were to apply to a proposed modification of an existing tariff, and the proposal failed to meet one of the six criteria, the Commission would not be permitted to modify the existing tariffs. This interpretation would then contradict Pub. Util. Code Section 769.3(b)(1)(C), which provides that “if the commission determines a customer renewable energy subscription program does not meet all the goals described in subparagraph (A),” it may authorize the termination or modification of the program.

Accordingly, the Commission concludes that in evaluating any Green Access Program tariff, the Commission shall determine if the tariff meets the following goals:

- (1) Efficiently serves distinct customer groups.
- (2) Minimizes duplicative offerings.
- (3) Promotes robust participation by low-income customers.

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<sup>43</sup> Pub. Util. Code § 769.3(b)(2) (emphasis added).

<sup>44</sup> AB 2316, August 24, 2022, Assembly Floor Analysis at 2.

<sup>45</sup> AB 2316, August 26, 2022, Senate Floor Analysis at 2.

The Commission shall also consider as part of the evaluation the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a customer renewable energy subscription program, as provided in Pub. Util. Code Section 769.3(b)(1)(B). If the Commission determines that a tariff does not meet all of the goals, the Commission may authorize the termination or modification of the tariff.

For a new Green Access Program tariff, if established, the tariff shall meet the requirements of Pub. Util. Code Section 769.3(c), as summarized below:

- (1) Be complementary to, and consistent with, the requirements of Section 10-115 of the California Building Standards Code (Title 24 of the California Code of Regulations).
- (2) Ensure at least 51 percent of the program's capacity serves low-income customers.
- (3) Minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs.
- (4) That certain prevailing wage and other requirements apply to the construction of a community renewable energy facility pursuant to the program.
- (5) Provide bill credits to subscribers based on the avoided costs of the program's facilities.
- (6) Prioritize the maximum use of state and federal incentives and accelerate implementation of the program to ensure that time- or quantity-limited federal incentives can be obtained for the benefit of subscribers.

Some parties propose that another objective should be "to create a community renewable energy program so that all Californians, especially those unable to host a rooftop solar system, realize the benefits of distributed generation through a cost-effective program that provides benefits to all

ratepayers,” as stated in the preamble of AB 2316. The Commission declines to adopt this as a specific objective of the Green Access Program evaluation. While this statement is included in the preamble of AB 2316, it is not listed as one of the specific evaluation goals outlined by the Legislature in Pub. Util. Code Section 769.3(b)(1).

Other parties recommend various additional objectives that are not expressly included in AB 2316. The Commission agrees with Arcadia Power that there is no consensus as to what the additional objectives should be. As such, the Commission declines to adopt any additional objectives for evaluating the existing and proposed program tariffs.

### **3.2. Foundation for Evaluating Green Access Program Tariffs**

This decision next considers what methods should be used to measure whether each Green Access Program tariff has met the evaluation criteria to: (i) efficiently serve distinct customer groups; (ii) minimize duplicative offerings; and (iii) promote robust participation by low-income customers, as provided for in Pub. Util. Code Section 769.3(b)(1)(A).

#### **3.2.1. Efficiently Serves Distinct Customer Groups**

The first goal under Pub. Util. Code Section 769.3(b)(1)(A) for evaluating Green Access Program tariffs is to determine whether the existing tariffs “[e]fficiently serve distinct customer groups.”

Parties propose a wide range of customer groups be included in the evaluation. PG&E recommends the groups should be low-income residential, non-low-income residential/commercial, and new construction.<sup>46</sup> TURN

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<sup>46</sup> PG&E Opening Brief at 5.



proposes the groups should be those unable to benefit from rooftop solar, low-income residential, and low-income customers in disadvantaged communities.<sup>47</sup> TURN adds that small business customers, new residential homes, and customers served by CCAs should also be considered customer groups.

CEJA, *et al.* states that the groups should include communities whose median income is less than 60 percent of statewide median income, communities in the 25 percent most disadvantaged communities, communities in the top 5 percent of polluted census tracts according to CalEnviroScreen that do not have a ranking, and communities on lands belonging to a California Native American Tribe.<sup>48</sup> Cypress Creek recommends the groups should be customers from diverse locations (urban/rural/suburban/tribal or investor-owned utility territories), of different income levels (low/medium/high), and of different residence types (renting/owning).<sup>49</sup> Joint CCAs propose customer groups be residential customers in disadvantaged communities.<sup>50</sup> CCSA supports the groups to include residential, commercial, agricultural, and industrial (including renters, new home buyers, and residents of disadvantaged communities).<sup>51</sup> CBIA recommends the evaluation consider whether potential options serve builders.<sup>52</sup>

As to measuring whether a tariff “efficiently” serves distinct customer groups, parties recommend a wide range of options. PG&E proposes measuring

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<sup>47</sup> TURN Opening Brief at 3.

<sup>48</sup> CEJA, *et al.* Opening Brief at 2.

<sup>49</sup> Cypress Creek Opening Brief at 3.

<sup>50</sup> Joint CCAs Opening Brief at 8.

<sup>51</sup> CCSA Opening Brief at 4.

<sup>52</sup> CBIA Opening Brief at 3.

the ratio of customer benefit to overall program cost.<sup>53</sup> SDG&E endorses basing this on whether the tariff can attract sufficient customer enrollment and developer interest, while supporting administration and marketing costs when compared to solar installation.<sup>54</sup> TURN recommends basing this on relative costs (administration plus any subsidies for subscribers), impacts on renewable development, number of historic/current subscribers, benefits to subscribers, and the extent that Green Access Program tariffs can serve additional customers within distinct groups that are not enrolled.<sup>55</sup>

Cypress Creek states that the criteria should require providing broad access to renewables while guaranteeing participant savings, ensuring that tariff and program design support commercial development, minimizing impacts to non-participants, and minimizing administrative burdens on participants, Utilities, and Commission Staff.<sup>56</sup> SEIA recommends defining the category as achieving a high subscription rate among more than one customer group through guaranteed bill credit savings.<sup>57</sup> PG&E disagrees with SEIA as this would provide bill savings to a customer group without consideration for need, which could not be achieved without shifting costs to non-participants.<sup>58</sup> PG&E adds that this would conflict with AB 2316's intent to provide renewable access through a cost-effective program.

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<sup>53</sup> PG&E Opening Brief at 5.

<sup>54</sup> SDG&E Opening Brief at 12.

<sup>55</sup> TURN Opening Brief at 3.

<sup>56</sup> Cypress Creek Opening Brief at 3.

<sup>57</sup> SEIA Opening Brief at 6.

<sup>58</sup> PG&E Reply Brief at 6.

Joint CCAs state that the category should consider: whether the tariff provides customers access to 100 percent renewable resources with success determined if at least 80 percent of capacity is procured in five years; and whether bill savings are efficiently enabled for low-income customers in DACs with success determined if it provides a 20 percent discount.<sup>59</sup> CCSA proposes that the tariff should be open to bundled/unbundled customers that links bill credit compensation to the value a facility provides to the grid.<sup>60</sup> SCE recommends identifying the green power needs of each customer group, offering at least one program that addresses the needs, and minimizing the need for additional costs or resources (such as additional procurement).<sup>61</sup>

#### **3.2.1.1. Discussion**

There is no consensus among parties as to how to define distinct customer groups, as parties put forth a wide range of proposals. This decision notes that the existing tariffs were established based on different requirements and targeted customer groups, as required by statute. That is, SB 43 established the implementation requirements of the Green Tariff and ECR programs, and AB 327 directed the development of alternatives to increase adoption of renewable generation in DACs, resulting in the CSGT and DAC-GT programs. Thus, the Commission must consider that the originating legislation required that the current programs target specific customer groups.

For the purposes of this goal, the Commission deems it unnecessary to expressly define customer groups. Rather, the Commission finds it appropriate to consider the distinct customer groups that are intended to be targeted by a

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<sup>59</sup> Joint CCAs Opening Brief at 8.

<sup>60</sup> CCSA Opening Brief at 7.

<sup>61</sup> SCE Opening Brief at 2.

respective program, and then determine whether the program efficiently serves those distinct customer groups.

To determine whether a program “efficiently serves” distinct customer groups, there was again no consensus among parties as to how to define this goal. However, multiple parties, including PG&E, SDG&E, and TURN, advocate that the Commission considers whether a program has sufficient customer enrollment as compared with a program’s overall cost (including administration costs, marketing costs, or subscriber subsidies). The Commission finds this to be a reasonable measure of whether a program efficiently serves a distinct customer group. Accordingly, whether a program “efficiently serves” distinct customer groups will be evaluated by balancing sufficient enrollment by customer groups with a program’s overall costs (including administration costs, marketing costs, non-participant costs, or subsidies to subscribers).

### **3.2.2. Minimizes Duplicative Offerings**

The second goal under Pub. Util. Code Section 769.3.3(b)(1)(A) for evaluating each customer renewable energy subscription program is to “[m]inimize duplicative offerings.”

CCSA, PG&E, SEIA, SCE, and TURN recommend generally that this category assess whether a program offering overlaps with similar offerings to the same group of customers.<sup>62</sup> PG&E states that each Green Access Program tariff should serve a clear and separate purpose and any overlap should be incidental. SCE suggests identifying whether the needs of each customer group can be addressed through one program or require multiple programs.

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<sup>62</sup> CCSA Opening Brief at 6, PG&E Opening Brief at 5, SCE Opening Brief at 2, SEIA Opening Brief at 7, TURN Opening Brief at 4.

Cypress Creek states that a duplicative offering should be measured by whether a program targets customer groups not served by other renewable programs and enables new renewable projects to come online that have historically been missing.<sup>63</sup> Joint CCAs recommend considering whether the programs complement each other, other ratepayer-funded renewable programs targeting low-income customers, or other ratepayer-funded community-solar program offerings.<sup>64</sup> SDG&E notes that each program's authorizing Commission proceeding addressed the need to avoid duplication at that time and therefore, each program targets different customer types.<sup>65</sup> SDG&E states that CSGT and DAC-GT were specifically targeted to customers in DACs, and GTSR was targeted at customers that could not otherwise install solar in the territory.

In considering parties' proposals, the Commission agrees with parties that propose defining "minimizing duplicative offerings" as whether a program offering overlaps with similar offerings to the same customer groups. The Commission finds this to be a reasonable definition, and accordingly, adopts it here.

### **3.2.3. Promotes Robust Participation by Low-Income Customers**

The third goal under Pub. Util. Code Section 769.3(b)(1)(A) for evaluating existing customer renewable energy subscription programs is to "[p]romote robust participation by low-income customers."

Parties put forth various proposals on how to measure this goal. SCE recommends identifying barriers to participation by low-income customers, and

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<sup>63</sup> Cypress Creek Opening Brief at 5.

<sup>64</sup> Joint CCAs Opening Brief at 10.

<sup>65</sup> SDG&E Opening Brief at 16.

designing or modifying programs to address barriers by measuring participation compared to customer segment size and procured megawatt capacity.<sup>66</sup> SDG&E supports considering the number of enrolled customers, the rate customers face, and whether programs attract developer interest.<sup>67</sup> TURN suggests considering existing levels of low-income customer participation and whether the programs are likely to result in broad low-income customer participation.<sup>68</sup>

CEJA, *et al.* generally recommend that participation rates of low-income customers be compared to other income groups or programs, such as non-low-income groups participating in net energy metering, to see if there are disparities in access.<sup>69</sup> Joint CCAs propose considering whether the program is on track to enroll the maximum number of customers based on the capacity cap, with a recommended 90 percent enrollment.<sup>70</sup> Cypress Creek advocate for considering whether a program requires projects to dedicate a majority of their capacity to low-income customers.<sup>71</sup> CCSA states that a program should promote strong, healthy participation levels within the pool of low-income customers.<sup>72</sup> PG&E states that while programs should promote low-income participation, because of the other two goals, each program does not need to focus on low-income participation.<sup>73</sup>

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<sup>66</sup> SCE Opening Brief at 2.

<sup>67</sup> SDG&E Opening Brief at 17.

<sup>68</sup> TURN Opening Brief at 5.

<sup>69</sup> CEJA, *et al.* Opening Brief at 2, SEIA Opening Brief at 7.

<sup>70</sup> Joint CCAs Opening Brief at 11.

<sup>71</sup> Cypress Creek Opening Brief at 6.

<sup>72</sup> CCSA Opening Brief at 7.

<sup>73</sup> PG&E Opening Brief at 5.

In terms of how to define “low-income” customer, SEIA, CCSA, and Cypress Creek point out that AB 2316 provides a definition under Pub. Util. Code Section 769.3(a)(3).<sup>74</sup>

### **3.2.3.1. Discussion**

While there is no consensus among parties as to how to measure “robust participation” among low-income customers, parties generally agree that the Commission should consider the number of enrolled customers in a program. The Commission concurs that it is reasonable that this category includes consideration of the number of enrolled low-income customers, or in the case of a proposed program, the number of prospective low-income customers. Accordingly, robust participation will be measured by the number of enrolled low-income customers for existing programs, and the number of prospective low-income customers for new programs.

Regarding the definition of “low-income customer,” under Pub. Util. Code Section 769.3(a)(3), “low-income customer” means either:

- (A) An individual or household who qualifies for one of more of the following programs:
  - (i) The CARE program, described in Section 739.1.
  - (ii) The FERA program, described in Section 739.12.
  - (iii) The CalFresh program, pursuant to Chapter 10 of Part 6 of Division 9 of the Welfare and Institutions Code.
  - (iv) The federal Supplemental Nutrition Assistance Program (SNAP) (Chapter 51 of Title 7 of the United States Code).
  - (v) The Low-income Heating Energy Assistance Program (42 U.S.C. Sec. 8621).

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<sup>74</sup> SEIA Opening Brief at 7, Cypress Creek Opening Brief at 2, CCSA Opening Brief at 5.

- (B) An individual or household who resides within an underserved community.

“Underserved community” is further defined as including the following:

- (A) A “low-income community” as defined in Section 39713 of the Health and Safety Code.
- (B) A community within an area identified as among the 25 percent most disadvantaged areas in the state according to the California Environmental Protection Agency and based on the most recent California Communities Environmental Health Screening Tool, also known as CalEnviroScreen, that is used to identify disadvantaged communities pursuant to Section 39711 of the Health and Safety Code.
- (C) A community located on lands belonging to a California Native American tribe, as defined in Section 21073 of the Public Resources Code.

Accordingly, the Commission applies this definition of “low-income customer” for purposes of Pub. Util. Code Section 769.3, including evaluating Green Access Program tariffs.

This decision notes that the low-income definition of Pub. Util. Code Section 769.3 is broader than the low-income eligibility thresholds established in other Commission proceedings, which usually target participants in the CARE or FERA programs. This decision emphasizes that this broader definition in AB 2316 applies only to the programs addressed by that statute, and is therefore, not relevant to definitions of low-income customers in other Commission programs. Nothing in this decision impacts definitions of low-income customers applicable to other Commission programs. This decision also notes that several categories under the “low-income customer” definition are duplicative; for example, those eligible for CARE or FERA are likely also eligible for CalFresh program or SNAP.



### **3.3. Evaluation of Current Green Access Program Offerings**

Pursuant to Pub. Util. Code Section 769.3(b)(1), the Commission shall evaluate each existing customer renewable energy subscription program to determine whether the program meets the outlined goals. Using the objectives outlined above, this decision evaluates the existing Green Access Program tariffs in turn.

#### **3.3.1. Green Tariff and Enhanced Community Renewables Programs**

In parties' briefs, multiple parties refer to the Green Tariff and ECR programs jointly or refer to them collectively as the GTSR programs. This decision therefore summarizes parties' positions on the Green Tariff and ECR programs collectively, noting differences in the programs as warranted.

##### **3.3.1.1. Efficiently Serves Distinct Customer Groups**

Numerous parties assert that the current Green Tariff and ECR programs fail to efficiently serve distinct customer groups, including Cal Advocates, CUE, Cypress Creek, CCSA, PG&E, SBUA, SCE, SDG&E, SEIA, SoCal CCAs, and TURN.<sup>75</sup>

Regarding the ECR program, Utilities state that their respective programs have had no active customer enrollment since the inception of the programs.<sup>76</sup> SCE, which markets its ECR program as the Green Tariff Shared Renewables Community Renewables (GTSR-CR) program, reports that it has three facilities

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<sup>75</sup> Cal Advocates Opening Brief at 11, CUE Reply Brief at 3, Cypress Creek Opening Brief at 6, CCSA Opening Brief at 8, PG&E Opening Brief at 6, SBUA Opening Brief at 5, SCE Opening Brief at 27, SDG&E Opening Brief at 19, SEIA Opening Brief at 7, SoCal CCAs Opening Brief at 9, TURN Opening Brief at 6.

<sup>76</sup> SDG&E Opening Brief at 22, PG&E Opening Brief at 8, SCE Opening Brief at 28.

under contract (totaling 35 MW) that are expected to come online in 2023 and 2024.<sup>77</sup> SDG&E states that its ECR program has not attracted any developers, and PG&E states that any potential ECR projects have been terminated by developers and its program currently has no prospective projects.

Regarding the Green Tariff program, SDG&E maintains that its program was successful until 2018, at which point most of SDG&E's customers were automatically unsubscribed from Green Tariff and defaulted to CCA service.<sup>78</sup> SDG&E states that this caused rates to spike for its few remaining participating customers, leading to customer attrition and ultimately program suspension in 2022. PG&E states that its Green Tariff program has been suspended for new enrollment at PG&E's request due to rapid customer enrollment, which exceeds purpose-built renewable resources, stemming from favorable Green Tariff rates that became lower than the default rate.<sup>79</sup> Despite PG&E's solicitations to procure additional resources for the program, PG&E states that it has been unsuccessful in contracting new resources. SCE reports that, at its peak, its Green Tariff program served 1,128 residential and 1,982 non-residential enrolled customers (totaling 50 MW of capacity), but the program has been suspended to new enrollment because it is fully subscribed and because its demand exceeds its supply.<sup>80</sup>

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<sup>77</sup> SCE's first Commission-approved ECR project, with active subscribers, came online in August 2023. (See SCE's Quarterly Green Tariff Shared Renewables Program Progress Report, filed July 27, 2023, available at: <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M515/K329/515329524.PDF>.)

<sup>78</sup> SDG&E Opening Brief at 19.

<sup>79</sup> PG&E Opening Brief at 6.

<sup>80</sup> TURN Opening Brief at 7 (citing Exhibit (Ex.) SCE-2 at 6), SCE Opening Brief at 27.

Many parties, including Cal Advocates, CUE, Cypress Creek, CCSA, PG&E, SBUA, SEIA, SoCal CCAs, and TURN, posit that the Green Tariff program is inefficient and has low participation because it offers an unpredictable product with rate volatility.<sup>81</sup> Parties cite PG&E's Green Tariff program as an example of the rate instability. The Green Tariff rate, which is established in a different proceeding, has at times switched between being positive (a net premium) and negative (a net discount), resulting in large shifts in enrollment. Such an enrollment surge occurred in 2020-2021, as subscribed load increased from 35 MW in December 2020 to 235 MW by April 2021 in response to a shift in the Green Tariff balance from a net premium to a net discount.<sup>82</sup> Cal Advocates and Cypress Creek assert that the Green Tariff program's tariff and design structure does not support commercial development, and that only about one-third of the allotted capacity for all GTSR programs has been procured since the program was authorized.<sup>83</sup>

Cypress Creek, CBD, Cal Advocates, PG&E, SEIA, and TURN state that the ECR program also experiences rate volatility that makes it unappealing to customers and developers.<sup>84</sup> CBD, Cypress Creek, SEIA, and TURN argue that fluctuations in the Power Charge Indifference Adjustment and generation rates make it difficult to reliably forecast future premiums or discounts. PG&E, Cypress Creek, and SEIA state that the ECR program's community interest

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<sup>81</sup> Cal Advocates Opening Brief at 13, CUE Reply Brief at 3, Cypress Creek Opening Brief at 7, CCSA Opening Brief at 9, PG&E Opening Brief at 9, SBUA Opening Brief at 5, SEIA Opening Brief at 7, SoCal CCAs Opening Brief at 9, TURN Opening Brief at 7.

<sup>82</sup> PG&E Opening Brief at 6, TURN Opening Brief at 7, CCSA Opening Brief at 9.

<sup>83</sup> Cypress Creek Opening Brief at 7, Cal Advocates Opening Brief at 13.

<sup>84</sup> Cypress Creek Opening Brief at 11, CBD Reply Brief at 5, Cal Advocates Opening Brief at 13, PG&E Opening Brief at 8, SEIA Opening Brief at 11, TURN Opening Brief at 10.

process is a burdensome requirement that has been a significant barrier to the program's success. PG&E states that a customer's bill credits are tied to a solar project's variable generation, which makes it complex for a customer to understand costs and benefits. PG&E adds that a developer assumes the risk of unsubscribed energy being compensated at a lower-than-expected price if enrollments do not meet minimum thresholds.

### **3.3.1.2. Minimize Duplicative Offerings**

Several parties state that the Green Tariff and ECR programs are duplicative offerings to each other, or to other offerings, including PG&E, Cypress Creek, SEIA, SCE, and TURN.<sup>85</sup> PG&E states that the Green Tariff and ECR programs are technically separate offerings with different rules, but in practice the programs are duplicative because they are designed to serve customers that cannot host a renewable system. Cypress Creek and SEIA similarly state that in theory the Green Tariff and ECR programs are meant to target different customers, but that both programs offer an unattractive product compared to other customer renewable programs. TURN remarks that the Green Tariff and ECR programs are duplicative as both are available to bundled customers, and that because the ECR program has broad eligibility, any eligible customer can participate in another Green Access Program offering.

SCE states that its GTSR and DAC programs are duplicative because they rely on program-dedicated procurement but notes that its programs target different markets, which minimize duplication.<sup>86</sup> SDG&E notes that all of the

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<sup>85</sup> PG&E Opening Brief at 7, Cypress Creek Opening Brief at 9, SEIA Opening Brief at 9, SCE Opening Brief at 29, TURN Opening Brief at 8.

<sup>86</sup> SCE Opening Brief at 27.

current Green Access Programs were designed to serve distinct customer groups and minimize duplication with incentive programs.<sup>87</sup>

### **3.3.1.3. Promotes Robust Low-Income Participation**

Multiple parties assert that the Green Tariff and ECR programs do not promote robust low-income participation, including CCSA, CUE, Cypress Creek, CEJA, *et al.*, SCE, SDG&E, SEIA, and TURN.<sup>88</sup>

As discussed above, Utilities report that their respective ECR programs have had no active customer enrollment since the inception of the programs.<sup>89</sup> For its Green Tariff program, SCE states that currently 129 CARE/FERA customers are enrolled (approximately 11 percent of its participating residential customers) and that since 2016, 269 CARE customers have enrolled.<sup>90</sup> SCE adds that new enrollment is not possible because the capacity limit has been reached and there are no other facilities under contract. SDG&E states that in early 2022 (the last year the Green Tariff program was available before suspension), it had 362 CARE customers enrolled.<sup>91</sup> PG&E informs that as of 2022, it had 764 CARE customers enrolled, and that since 2016, 1,082 CARE customers have enrolled.<sup>92</sup>

CCSA, CBD, CEJA, *et al.*, CUE, Cypress Creek, SDG&E, SEIA, and TURN state that the Green Tariff program fails to promote low-income participation

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<sup>87</sup> SDG&E Opening Brief at 20.

<sup>88</sup> CCSA Opening Brief at 11, CUE Reply Brief at 3, Cypress Creek Opening Brief at 10, CEJA, *et al.* Opening Brief at 6, SCE Opening Brief at 27, SDG&E Opening Brief at 20, SEIA Opening Brief at 10, and TURN Opening Brief at 9.

<sup>89</sup> SDG&E Opening Brief at 22, PG&E Opening Brief at 8, SCE Opening Brief at 28.

<sup>90</sup> SCE Opening Brief at 27, TURN Opening Brief at 9.

<sup>91</sup> SDG&E Opening Brief at 20.

<sup>92</sup> PG&E GTSR Program: 2022 Annual Report A.12-01-008 (March 15, 2023) at 11, TURN Opening Brief at 9.

because it is designed as a premium product such that enrollees must pay more for their bill than they would under standard service.<sup>93</sup> Cypress Creek, CEJA, *et al.*, and SEIA reason that enrolling low-income customers at scale requires guaranteed savings for customers.

Cypress Creek, SCE, SEIA, and TURN argue that the ECR program fails to promote low-income participation because the rate structure results in either a potential premium or savings, and a developer or customer does not know which it will be, which makes the product an unattractive option.<sup>94</sup>

#### **3.3.1.4. Impact of Departing Load from Community Choice Aggregators**

As provided in Pub. Util. Code Section 769.3(b)(1)(B), we consider the energy load migration trends among bundled and nonbundled customers and any associated risks with maintaining or creating a customer renewable energy subscription program.

Numerous parties point out that the ECR and Green Tariff programs are only available to bundled load customers.<sup>95</sup> CCSA, PG&E, SDG&E, and TURN view the departure of load to CCA expansion as problematic for the ECR and Green Tariff programs.<sup>96</sup> PG&E posits that the Green Tariff program may be challenged by CCA load departure if customers in CCA areas opted out of CCA

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<sup>93</sup> CCSA Opening Brief at 11, CBD Reply Brief at 5, CEJA, *et al.* Opening Brief at 6, CUE Reply Brief at 3, Cypress Creek Opening Brief at 10, SDG&E Opening Brief at 20, SEIA Opening Brief at 10, TURN Opening Brief at 9.

<sup>94</sup> Cypress Creek Opening Brief at 12, SCE Opening Brief at 29, SEIA Opening Brief at 14, TURN Opening Brief at 12.

<sup>95</sup> *See* Cypress Creek Opening Brief at 10, CCSA Opening Brief at 8, SCE Opening Brief at 28, SEIA Opening Brief at 10, TURN Opening Brief at 10.

<sup>96</sup> CCSA Opening Brief at 8, PG&E Opening Brief at 9, SDG&E Opening Brief at 21, TURN Opening Brief at 10.

service, later take the Green Tariff offering, and then opt into CCA service; or if bundled customers choose the Green Tariff offering before CCA expansion and later default to CCA service when the CCA expands. SDG&E explains that load departure to CCAs is one of the main reasons that commodity programs are not viable in its territory and that by the end of 2024, 85 percent of SDG&E's customers will no longer receive bundled service due to CCA expansion.

Cypress Creek and SCE argue that departing load from CCAs has minimal impact on the Green Tariff and ECR programs.<sup>97</sup> SCE states that it has a waitlist for the Green Tariff program of interested customers, which mitigates potential impact of departing load. In its brief, SCE notes that while it does not have customers in its ECR program, three facilities are expected to come online in 2023 and 2024, and those facilities may be substantially impacted if they are in a community that forms a CCA. As of the writing of this decision, SCE has four ECR projects under contract, totaling 38 MW of capacity.<sup>98</sup> On August 1, 2023, the three-MW Phelan Solar, LLC project came online and has active customer enrollment.<sup>99</sup>

### **3.3.1.5. Discussion**

The Commission agrees with numerous parties that the current ECR program has failed to efficiently serve distinct customer groups. Utilities' ECR programs have had limited customer enrollment since the rollout of these programs, and only SCE has facilities under contract, which total 38 MW. We are persuaded by parties that assert that the ECR program's rate volatility makes it an unfavorable option for customers and developers, because it is unclear in a

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<sup>97</sup> SCE Opening Brief at 28, Cypress Creek Opening Brief at 10.

<sup>98</sup> SCE Opening Brief at 28.

<sup>99</sup> Ex. SCE-01 at 21.

given year whether the program will result in a premium or savings to a participating customer. When balancing the ECR program's enrollment (or lack of enrollment) with the program's overall costs, the ECR program tariff fails to efficiently serve any distinct customer group.

The Commission also agrees with parties that the ECR tariff fails to promote robust participation among low-income customers. As we determine that the current ECR program tariff fails to meet two of the three goals of Pub. Util. Code Section 769.3(b)(1)(A), it is not necessary to determine whether the ECR tariff minimizes duplicative offerings. Accordingly, the Commission concludes that the existing ECR tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

The Commission concurs with a broad range of parties that state that the current Green Tariff program has failed to efficiently serve distinct customer groups. Utilities' Green Tariff programs have all been suspended in some capacity: for PG&E and SCE's programs, the programs are suspended to new enrollment due to full capacity subscription; for SDG&E, the program is suspended due to lack of enrollment as result of customer attrition to CCAs. The Commission agrees that the Green Tariff program experiences rate volatility, which negatively impacts customer interest and enrollment. When balancing the Green Tariff program's enrollment (and inability to enroll new customers) with the program's overall costs, the Green Tariff program fails to efficiently serve any distinct customer group.

The Commission also finds that the Green Tariff program fails to promote robust participation among low-income customers based on the low enrollment by low-income customers. While Utilities' Green Tariff programs have enrolled a small number of CARE/FERA customers since the inception of the program, the



number of enrolled CARE/FERA customers is a small portion of the eligible number of low-income customers and a small portion of all enrolled customers.

As the Commission determines that the current Green Tariff program fails to meet two of the three goals of Pub. Util. Code Section 769.3(b)(1)(A), it is unnecessary to determine whether the Green Tariff minimizes duplicative offerings. Accordingly, the Commission concludes that the GT tariff has failed to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

Pursuant to Pub. Util. Code Section 769.3(b)(1)(C), as the Commission has determined that the ECR tariff and Green Tariff have not met all of the goals of Pub. Util. Code Section 769.3(b)(1)(A), we consider whether to authorize the modification of or closure to new procurement in these tariffs in Section 3.4.5 below.

### **3.3.2. Disadvantaged Communities-Green Tariff**

The Commission next evaluates whether the DAC-GT program meets the outlined goals.

#### **3.3.2.1. Efficiently Serves Distinct Customer Groups**

Numerous parties contend that the DAC-GT program does not efficiently serve distinct customer groups, including CCSA, CUE, Cypress Creek, Cal Advocates, PG&E, SDG&E, SCE, and TURN.<sup>100</sup> SDG&E and SCE report that they have no customers enrolled in their programs and have been unable to

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<sup>100</sup> CCSA Opening Brief at 13, CUE Reply Brief at 5, Cypress Creek Opening Brief at 13, Cal Advocates Opening Brief at 13, PG&E Opening Brief at 11, SDG&E Opening Brief at 25, SCE Opening Brief at 30, TURN Opening Brief at 14.

secure contracts for qualifying renewable power.<sup>101</sup> PG&E states that its DAC-GT program is fully subscribed through auto-enrollment.<sup>102</sup>

PG&E maintains that the DAC-GT program's benefits are not delivered efficiently when comparing the cost of the bill savings, the primary benefit to participants, to the overall cost of the program.<sup>103</sup> PG&E notes that in 2021, for example, it spent about \$1 million more on solar resource costs than it did to deliver discounts to customers. With overall program costs at \$11.4 million, PG&E states that only 43 percent of program costs provided benefits in the form of bill savings. PG&E adds that the largest portion of costs were for above-market contract payments to solar resources, at 55 percent of the program costs.

CCSA states that the program relies on direct subsidies, and that the power purchase agreements to obtain resources do not incentivize resources to export power when energy is needed most.<sup>104</sup> Cypress Creek remarks that because DAC-GT projects are procured through solicitations and power purchase agreements, the process is administratively costly, while TURN and CUE claim that the 20 percent discount is arbitrary and not tied to the cost or value of a project provides to the grid.<sup>105</sup> TURN and Cal Advocates state that the current cap for the program is modest with most of the allocated amount unsubscribed.<sup>106</sup>

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<sup>101</sup> SDG&E Opening Brief at 24, SCE Opening Brief at 30.

<sup>102</sup> PG&E Opening Brief at 10.

<sup>103</sup> PG&E Opening Brief at 11.

<sup>104</sup> CCSA Opening Brief at 13.

<sup>105</sup> Cypress Creek Opening Brief at 14, TURN Opening Brief at 14, CUE Reply Brief at 5.

<sup>106</sup> TURN Opening Brief at 13, Cal Advocates Opening Brief at 13.

SEIA and Joint CCAs, however, maintain that the DAC-GT program does efficiently serve distinct customer groups.<sup>107</sup> SEIA states that the DAC-GT program was designed to serve a specific customer group (residential customers in DACs) and that the DAC-GT program is successful because it offers guaranteed savings with a 20 percent discount. Joint CCAs argue that multiple DAC-GT program administrators entered into power purchase agreements to procure new solar in DACs and many have procured enough solar to reach the program's capacity cap.<sup>108</sup> Joint CCAs state that CCA program administrators have provided over \$2 million in bill savings to customers under the DAC-GT program through November 2023, with PG&E providing an additional \$4.8 million in bill savings.

Cypress Creek and SEIA state that PG&E's program provided broad access to renewables for the targeted customers due to auto-enrollment, and Cypress Creek states that PG&E's DAC-GT customers make up 90 percent of all DAC-GT customers in the state.<sup>109</sup>

### **3.3.2.2. Minimizes Duplicative Offerings**

Several parties view the DAC-GT and CSGT programs as duplicative offerings to each other, or other offerings, including PG&E, SCE, SEIA, and TURN.<sup>110</sup> PG&E and SCE claim that DAC-GT is duplicative of CSGT as it provides a nearly identical product to nearly the same customers, except that customers must be proximate to a CSGT project. SEIA states that the DAC-GT

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<sup>107</sup> SEIA Opening Brief at 16, Joint CCAs Opening Brief at 12.

<sup>108</sup> Joint CCAs Opening Brief at 13.

<sup>109</sup> Cypress Creek Opening Brief at 13, SEIA Opening Brief at 16.

<sup>110</sup> PG&E Opening Brief at 12, SCE Opening Brief at 30, SEIA Opening Comments at 17, TURN Opening Brief at 15.

and CSGT programs are duplicative of each other, as they target a specific group of customers and offer 20 percent savings. TURN states that the DAC-GT program significantly overlaps with CSGT, as well as other Green Access Program offerings, as those eligible for DAC-GT can enroll in every other Green Access Program.

Cypress Creek, Joint CCAs, and SDG&E assert that DAC-GT minimizes duplicative offerings because it offers a product to a new group of customers: low-income investor-owned utilities and CCA customers.<sup>111</sup> SDG&E states that the CSGT and DAC-GT programs were specifically designed to target DAC customers and minimize duplication with other incentive programs, such as the SOMAH and DAC-SASH programs.

Joint CCAs state that while there are similarities in the DAC-GT and CSGT programs, in that they provide options for residential low-income customers in DACs, the programs are complementary because DAC-GT is only available to residential customers in DACs that are CARE/FERA-eligible, while CSGT is available to all residential customers in DACs.<sup>112</sup> Joint CCAs further note that DAC-GT minimizes duplicative offerings as compared to other solar programs targeting vulnerable customers, such as SOMAH and DAC-SASH, and finds that these programs target specific groups of low-income customers.

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<sup>111</sup> SDG&E Opening Brief at 26, Cypress Creek Opening Brief at 14, Joint CCAs Opening Brief at 21.

<sup>112</sup> Joint CCAs Opening Brief at 19.

### **3.3.2.3. Promotes Robust Low-Income Participation**

Multiple parties assert that the DAC-GT program does not promote robust low-income participation, such as CCSA, CEJA, *et al.*, SCE, and TURN.<sup>113</sup> CEJA, *et al.* states that PG&E's nearly 10,000 CARE/FERA enrollees cannot be considered robust participation considering the 3 million investor-owned utility customers eligible for CARE or 9.6 million residents living in DACs. SDG&E and SCE report no CARE/FERA subscribers.<sup>114</sup>

CCSA and TURN argue that DAC-GT serves only a subset of low-income customers based on AB 2316's definition, as only CARE/FERA-enrolled customers in the top 25 percent of DACs are eligible.<sup>115</sup> CCSA claims that at most, the DAC-GT program can serve about 39,500 customers, which cannot reasonably be considered robust participation. TURN reasons that there cannot be robust participation due to the unavailability of resources and because the program cannot serve low-income customers outside of DACs or renters that are not eligible for CARE/FERA.

Cypress Creek, Joint CCAs, and SEIA contend that DAC-GT does promote robust participation by low-income customers.<sup>116</sup> Cypress Creek and SEIA state that the program is designed to promote low-income participation, as only low-income customers in a top 25 percent DAC or census tract in the highest five percent of CalEnviroScreen's Pollution Burden are eligible. Joint CCAs state that

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<sup>113</sup> CCSA Opening Brief at 13, CEJA, *et al.* Opening Brief at 7, SCE Opening Brief at 30, TURN Opening Brief at 15.

<sup>114</sup> SCE Opening Brief at 30, SDG&E Opening Brief at 26.

<sup>115</sup> TURN Opening Brief at 15, CCSA Opening Brief at 13.

<sup>116</sup> Cypress Creek Opening Brief at 15, Joint CCAs Opening Brief at 22, SEIA Opening Brief at 18.

the DAC-GT program administrators with active programs have enrolled enough customers to be at or close to reaching the maximum number of allowable enrollees.

#### **3.3.2.4. Impact of Departing Load from Community Choice Aggregators**

Cypress Creek, Joint CCAs, SDG&E, and PG&E state that departing load from CCAs could impact DAC-GT if an eligible CCA does not participate in the DAC-GT program.<sup>117</sup> PG&E states that as customers transition to CCAs, there are likely fewer customers eligible to participate in DAC-GT in the same area, and notes that because it has executed DAC-GT contracts for its remaining capacity, CCAs may have limited access to megawatts to serve customers. SDG&E states that CCA expansion greatly reduces the number of eligible SDG&E customers in DACs.

SEIA argues that while departing load from CCAs could negatively impact DAC-GT, it has not because DAC-GT is available to CCA customers if the CCA offers it.<sup>118</sup> SCE states that there is no impact for CCA departing load as SCE has no customer participation in its DAC-GT program.<sup>119</sup>

#### **3.3.2.5. Discussion**

Of the investor-owned utilities, SDG&E and SCE have no customers enrolled in their DAC-GT programs and have not secured any qualifying contracts; PG&E, however, is fully subscribed through auto-enrollment.<sup>120</sup> Of the

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<sup>117</sup> Cypress Creek Opening Brief at 15, Joint CCAs Opening Brief at 24, PG&E Opening Brief at 13, SDG&E Opening Brief at 26.

<sup>118</sup> SEIA Opening Brief at 18.

<sup>119</sup> SCE Opening Brief at 31.

<sup>120</sup> See Joint CCAs Opening Comments to November 6 Ruling at 14, 22 and footnotes citing various Program Administrators' Quarterly Disadvantaged Communities Green Tariff and Community Solar Green Tariff Program Reports, filed in R.14-07-002.

eight CCA program administrators, as of March 2023, four program administrators (CPA, MCE, PCE, and SJCE) have been able to secure new qualifying contracts. While seven CCA program administrators have enrolled customers in the DAC-GT program using interim RPS resources, five of those program administrators have procured new capacity to serve those customers as of October 2023. Based on October 31, 2023 reported data on the DAC-GT program, the Commission observes that the program has procured approximately 47 percent of allocated capacity for new resources and subscribed 23,708 customers<sup>121</sup> (*see* Table 2 below).

**Table 2**<sup>122</sup>

<b>Program Administrator</b>	<b>Allocated Capacity (MW)</b>	<b>Total Procured Capacity (MW)<sup>123</sup></b>	<b>Allocated Capacity Procured (%)</b>	<b>Subscribed Customers<sup>124</sup></b>
CPA	12.190	12.190	100%	6,010
CleanPowerSF	1.826	0.000	0%	1,183
CalChoice	1.310	0.000	0%	0
EBCE	5.726	0.000	0%	2,719
MCE	4.646	4.640	99.87%	3,170
PCE	3.740	3.000	80%	1,473
PG&E	52.320	52.320	100%	8,505
SCE	56.500	0.000	0%	0
SDCP	15.780	0.000	0%	0

<sup>121</sup> See Joint CCAs Opening Brief at 14, 22 (citing various Program Administrators' Quarterly Disadvantaged Communities Green Tariff and Community Solar Green Tariff Program Reports, filed in R.14-07-002).

<sup>122</sup> Joint CCA and SF Opening Comments to November 6 Ruling at 4, Table 1.

<sup>123</sup> Defined as signed PPA for new resources.

<sup>124</sup> From Q3 Quarterly Reports.

<b>Program Administrator</b>	<b>Allocated Capacity (MW)</b>	<b>Total Procured Capacity (MW)<sup>123</sup></b>	<b>Allocated Capacity Procured (%)</b>	<b>Subscribed Customers<sup>124</sup></b>
SDG&E	2.220	0.000	0%	0
SJCE	1.736	1.736	100%	648
<b>TOTAL</b>	157.99	73.89	46.76%	23,708

Based on the subscription and procurement figures, the Commission finds that, overall, the existing DAC-GT program is under-subscribed and under-procured. While we recognize that some CCA program administrators and PG&E are fully subscribed and fully procured, and have provided bill savings to customers, we are persuaded that the program's benefits are not served efficiently when compared to the significant overall cost of providing the bill savings and the low customer participation. The Commission therefore concurs with the broad range of parties that assert that the existing DAC-GT tariff fails to efficiently serve any distinct customer group.

In addition, the Commission finds that the tariff fails to promote robust participation among low-income customers. The DAC-GT tariff is specifically targeted to CARE/FERA-eligible customers located in certain DAC areas. As the DAC-GT program is under-subscribed and under-procured, the Commission determines that the low level of enrollment in the DAC-GT program cannot be considered robust participation among low-income customers.

As the Commission concludes that the existing DAC-GT tariff fails to meet two of the three goals of Pub. Util. Code Section 769.3(b)(1)(A), it is not necessary to determine whether the tariff minimizes duplicative offerings. Accordingly, the Commission finds that the existing DAC-GT tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).



Pursuant to Pub. Util. Code Section 769.3(b)(1)(C), as the Commission has determined that the existing DAC-GT program tariff has not met all of the goals of Pub. Util. Code Section 769.3(b)(1)(A), we consider whether to authorize the termination or modification of the program in Section 3.4.6 below.

### **3.3.3. Community Solar Green Tariff**

#### **3.3.3.1. Efficiently Serves Distinct Customer Groups**

Multiple parties state that the CSGT tariff does not efficiently serve distinct customer groups, including CCSA, Cypress Creek, CEJA, *et al.*, PG&E, Cal Advocates, SCE, and TURN.<sup>125</sup> Currently, no program administrators have enrolled any customers in the CSGT program.<sup>126</sup>

PG&E, Cypress Creek, CCSA, Cal Advocates, and CEJA, *et al.* argue that the tariff's complex, strict requirements result in failed projects and unused capacity, including the geographic limitations, required sponsor partnership, and that 50 percent of capacity must be filled by low-income customers in DACs before non-low-income customers. Cypress Creek and Cal Advocates state that the program creates bill impacts on non-participating customers through higher energy prices. CCSA and CEJA, *et al.* assert that the program is inefficient because it relies on direct subsidies that have limited ability to scale beyond the program cap of 40 MW.

Joint CCAs state that the CSGT program overall efficiently serves distinct customer groups considering the number of new solar projects and capacity.<sup>127</sup>

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<sup>125</sup> CCSA Opening Brief at 14, Cypress Creek Opening Brief at 16, CEJA, *et al.* Opening Brief at 9, PG&E Opening Brief at 11, Cal Advocates Opening Brief at 16, SCE Opening Brief at 31, TURN Opening Brief at 17.

<sup>126</sup> See SCE Opening Brief at 31, PG&E Opening Brief at 11, SDG&E Opening Brief at 28, Joint CCAs Opening Brief at 23.

<sup>127</sup> Joint CCAs Opening Brief at 13.

SEIA points out that a few contracts have been signed for the CSGT program but there has not been sufficient time to bring the projects online.<sup>128</sup> SEIA states that the fact that there are no current customers is not evidence that the program cannot efficiently serve the targeted groups. As indicated in Table 3 below (from October 31, 2023 reported CSGT data) the CSGT program has procured approximately 45 percent of allocated capacity for new resources and zero subscribed customers.<sup>129</sup>

**Table 3**  
**CSGT Program Data**

<b>Program Administrator</b>	<b>Previous Allocated Capacity (MW)</b>	<b>Total Capacity Procured as of Oct. 31, 2023 (MW)</b>	<b>Allocated Capacity Procured (%)</b>
CPA	3.3700	3.37	100.00%
CleanPowerSF	0.5525	0.00	0.00%
CalChoice	N/A	N/A	N/A
EBCE	1.5625	0.00	0.00%
MCE	1.2800	0.00	0.00%
PCE	0.4025	0.00	0.00%
PG&E	14.2000	12.00	84.51%
SCE	14.6300	3.00	20.51%
SDCP	4.3800	0.00	0.00%

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<sup>128</sup> SEIA Opening Brief at 16.

<sup>129</sup> Joint CCAs Opening Comments to November 5 Ruling at 5, Table 2 and footnotes citing Program Administrator's Quarterly Disadvantaged Communities Green Tariff and Community Solar Green Tariff Program Reports, filed in R.14-07-002. Unlike DAC-GT, CSGT Program Administrators cannot serve customers using interim Green Tariff or RPS resources. (*See* Resolution E-4999 at 24.) Before a CSGT project can operate, it must receive what is known as Permission to Operate from the utility consistent with the GTSR program. (*See* Resolution E-4999 at 80.) As of October 31, 2023, no CSGT project had begun operation.

<b>Program Administrator</b>	<b>Previous Allocated Capacity (MW)</b>	<b>Total Capacity Procured as of Oct. 31, 2023 (MW)</b>	<b>Allocated Capacity Procured (%)</b>
SDG&E	0.6200	0.00	0.00%
SJCE	N/A	N/A	N/A
TOTAL	40.9975	18.37	44.81%

### **3.3.3.2. Minimize Duplicative Offerings**

As summarized in Section 3.3.1.2 above, PG&E, SCE, SEIA, and TURN argue that the DAC-GT and CSGT programs are duplicative offerings to each other.<sup>130</sup> Joint CCAs, by contrast, state that the programs are complementary.<sup>131</sup> Cypress Creek states that CSGT theoretically minimizes duplicative offerings because the program's market rate corollary is the ECR program and both programs offer Utilities' customers a new renewable product (low-income customers for CSGT or market-rate customers for ECR).<sup>132</sup> In practice, however, Cypress Creek states that the programs are duplicative because no customers have enrolled in either program.

### **3.3.3.3. Promotes Robust Low-Income Participation**

Multiple parties assert that the CSGT program does not promote robust low-income participation, including CCSA, Cypress Creek, CEJA, *et al.*, Joint

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<sup>130</sup> PG&E Opening Brief at 12, SCE Opening Brief at 30, SEIA Opening Brief at 17, TURN Opening Brief at 15.

<sup>131</sup> Joint CCAs Opening Brief at 21.

<sup>132</sup> Cypress Creek Opening Brief at 17.

CCAs, SCE, SDG&E, PG&E, and TURN.<sup>133</sup> These parties point out that there are no customers enrolled in the CSGT program and there are no projects online.

Joint CCAs states that CSGT does promote robust participation by low-income customers because some program administrators have eligible customers on the CSGT waitlist.<sup>134</sup> SEIA remarks that CSGT was designed to promote participation from low-income customers and while there are no enrolled customers, contracts have been executed to meet this customer group.<sup>135</sup>

#### **3.3.3.4. Impact of Departing Load from Community Choice Aggregators**

Cypress Creek, Joint CCAs, SDG&E, and PG&E state that departing load from CCAs could impact CSGT if an eligible CCA does not participate in the CSGT program.<sup>136</sup> PG&E notes that as customers transition to CCAs, fewer customers are eligible to participate in the CSGT program in the same area. PG&E explains that it has executed all but two megawatts of its CSGT capacity, limiting CCAs' access to additional megawatts to serve participating customers. SDG&E states that CCA expansion greatly reduces the number of eligible SDG&E customers in DACs.

SEIA argues that while departing load from CCAs could negatively impact CSGT, it has not because CSGT is available to CCA customers if the CCA offers

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<sup>133</sup> CCSA Opening Brief at 14, Cypress Creek Opening Brief at 18, CEJA, *et al.* Opening Brief at 8, Joint CCAs Opening Brief at 24, PG&E Opening Brief at 13, SCE Opening Brief at 32, SDG&E Opening Brief at 28, and TURN Opening Brief at 19.

<sup>134</sup> Joint CCAs Opening Brief at 23.

<sup>135</sup> SEIA Opening Brief at 18.

<sup>136</sup> Cypress Creek Opening Brief at 15, Joint CCAs Opening Brief at 24, PG&E Opening Brief at 13, and SDG&E Opening Brief at 28.

it.<sup>137</sup> SCE states that there is no impact for CCA departing load as SCE has no customer participation in its DAC-GT program.<sup>138</sup>

### **3.3.3.5. Discussion**

The Commission agrees with numerous parties that the current CSGT program has failed to efficiently serve distinct customer groups. There have been no customers enrolled in CSGT since the rollout of the program, and no projects have come online. We concur with parties that the CSGT tariff's complex requirements and customer eligibility criteria have made it challenging to attract developers and customers. When balancing the CSGT program's lack of enrollment with the program's overall costs, the CSGT tariff fails to efficiently serve any distinct customer group.

The Commission also agrees with parties that the CSGT tariff fails to promote robust participation among low-income customers based on the lack of enrollment by low-income customers. As the current CSGT tariff fails to meet two of the three goals of Pub. Util. Code Section 769.3(b)(1)(A), it is not necessary to determine whether the CSGT tariff minimizes duplicative offerings. Accordingly, the Commission finds that the CSGT tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

Pursuant to Pub. Util. Code Section 769.3(b)(1)(C), as the Commission has determined that the existing CSGT tariff has not met all of the goals of Pub. Util. Code Section 769.3(b)(1)(A), we consider whether to authorize the termination or modification of the program in Section 3.4 below.

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<sup>137</sup> SEIA Opening Brief at 18.

<sup>138</sup> SCE Opening Brief at 33.

### **3.4. The California Shared Renewables Portfolio**

Pub. Util. Code Section 769.3 directs that, following an evaluation of the current Green Access Program tariffs, the Commission determine whether it is beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify existing tariffs or programs administered by an electrical corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c). As determined in Section 3.3 above (and all parties agree), the current Green Access Program tariff options do not meet all the goals defined in AB 2316: (a) efficiently serves distinct customer groups; (b) minimizes duplicative offerings; and (c) promotes robust participation by low-income customers. This is where consensus ends.

Below, this decision provides an overview of party recommendations for modifications to existing Green Access Program tariff options followed by a proposal for a new community renewable energy program (the NVBT proposal) as well as recommendations for modifications of the NVBT proposal. Based upon a review of the proposals, the Commission concludes that the NVBT proposal does not meet the requirements of AB 2316 and Pub. Util. Code Section 769.3.<sup>139</sup> Despite this conclusion and the conclusion that the legislation does not require the Commission to establish a community renewable energy program, as defined in Pub. Util. Code Section 769.3, the Commission finds it is beneficial to adopt a community renewable energy program based on elements proposed by parties but that avoids shifting costs to non-participating ratepayers. The Commission

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<sup>139</sup> Several parties also objected that the NBVT proposals were not compliant with federal law. Because the Commission concludes that the NBVT proposals are not compliant with state law, it is unnecessary to reach federal law compliance, and the Commission declines to do so.

finds it is also beneficial to ratepayers to modify certain existing Green Access Program tariff options.

In Section 3.4.7, this decision provides the necessary steps to implement the modified Green Access Program tariffs and the next steps for implementation of the community renewable energy program.

#### **3.4.1. Party Recommendations to Modify Existing Green Access Program Tariff Options**

Parties provide differing opinions on whether to modify existing Green Access Program options but, as described above, agree to differing degrees that the existing options do not meet all the goals described in AB 2316: (a) efficiently serves distinct customer groups; (b) minimizes duplicative offerings; and (c) promotes robust participation by low-income customers. Below, this decision provides a brief overview of party recommendations to modify the existing Green Access Program options. Further details are provided in the discussion of whether to adopt these proposals.

As described in Section 3.3 above, a majority of the parties, including CCSA, SEIA, TURN, Cal Advocates, SBUA, and Cypress Creek contend that the existing Green Access Program options fail to meet the goals described in AB 2316 and assert the Commission should halt further enrollment and instead replace the existing options with a new community renewable energy program, as described in Section 3.4.2 below. SBUA also supports the creation of a successor program but one that encourages the participation of small businesses in disadvantaged communities and minimal program constraints (e.g., minimum

size requirements) to encourage sufficient power supply and reduce barriers to entry.<sup>140</sup>

On the other end of the spectrum, the Joint CCAs contend that the existing tariffs meet the goals of AB 2316 to varying degrees but require modification. SDG&E states that it supports the Joint CCAs but, due to the hurdles previously described, requests permission to submit advice letters terminating DAC-GT and GTSR tariffs in its service territory. PG&E and SCE recommend consolidation and modification of existing tariffs in addition to a new tariff, which is also described in Section 3.4.2 below. As a threshold issue, both Joint CCAs and SCE argue that statutory language does not require the Commission to treat modified existing Green Access Program tariff and new Green Access Program tariff options the same. This threshold issue is addressed below in Section 3.4.5.1.

Joint CCAs recommend maintaining the existing DAC-GT and CSGT tariffs with the following modifications: (a) increase the DAC-GT capacity cap for administrators who have met or are near the capacity cap;<sup>141</sup> (b) adopt a process to allocate additional program capacity for DAC-GT and CSGT upon CCA expansion;<sup>142</sup> (c) adopt a process to transfer unused DAC-GT and CSGT program capacity between administrators;<sup>143</sup> (d) allow CSGT projects to be located within 10 miles from a benefiting customer's disadvantaged community;<sup>144</sup> (e) expand DAC-GT and CSGT project siting limitations from those located within a DAC

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<sup>140</sup> SBUA Opening Brief at 1 and SBUA Opening Comments to November 6 Ruling at 2 -3.

<sup>141</sup> Joint CCAs Opening Brief at 25-27.

<sup>142</sup> Joint CCAs Opening Brief at 27-29.

<sup>143</sup> Joint CCAs Opening Brief at 29-31.

<sup>144</sup> Joint CCAs Opening Brief at 31-32.



census tract to those located in a census tract within five miles of a DAC;<sup>145</sup>

(f) expand DAC census tract eligibility criteria for DAC-GT and CSGT projects in SDG&E's territory;<sup>146</sup> (g) clarify the DAC-GT and CSGT project rules regarding solar resources paired with storage;<sup>147</sup> (h) delay the required filing of the annual DAC-GT and CSGT program budget advice letter to April 1;<sup>148</sup> (i) require cooperation of PG&E toward development of automated billing solution for CCA DAC-GT and CSGT program participants;<sup>149</sup> and (j) eliminate Green-e certification requirement for DAC-GT and CSGT programs.<sup>150</sup>

PG&E recommends consolidating DAC-GT and CSGT as one large DAC-GT program with a storage option, maintaining the DAC-GT eligibility rules but adding optional auto-enrollment.<sup>151</sup> PG&E recommends continued use of the CalEnviroScreen to determine DAC eligibility with the addition of an advice letter process to remove DACs no longer in the top quartile.<sup>152</sup> PG&E proposes a top-off methodology approach where program dedicated resources would deliver an incremental percentage of renewable energy to customers to enable participants to be served using 100 percent renewable energy, including

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<sup>145</sup> Joint CCAs Opening Brief at 32-33.

<sup>146</sup> Joint CCAs Opening Brief at 33-34.

<sup>147</sup> Joint CCAs state that it is their understanding that D.18-06-027 directs parties to D.17-12-005 for guidance for eligible paired generation and storage projects. (*See* Joint CCAs Opening Brief at 35 citing D.18-06-027 at 88-89 and D.17-12-005 at 4.) The Joint CCAs state that they interpret D.17-12-005 as allowing co-located solar and storage resources to participate in the DAC-GT and CSGT programs. (Joint CCAs Opening Brief at 34-36.)

<sup>148</sup> Joint CCAs Opening Brief at 37.

<sup>149</sup> Joint CCAs Opening Brief at 38-41.

<sup>150</sup> Joint CCAs Opening Brief at 42.

<sup>151</sup> PG&E Opening Brief at 19 citing Ex. PGE-02 at 24-25.

<sup>152</sup> PG&E Opening Brief at 19 citing Ex. PGE-01 at 1-12.

energy received through PG&E's RPS portfolio.<sup>153</sup> Like the Joint CCAs, PG&E recommends the Commission eliminate the Green-e certification requirement but proposes the Commission adopt an alternative form of program validation and tracking.<sup>154</sup> Not providing a specific solution, PG&E recommends the Commission explore alternate methods for providing programs benefits. Finally, PG&E cautions the Commission to sunset the modified program and bases this recommendation on the increasing procurement of clean energy resources over the next 10 to 15 years and anticipated changes to the Integrated Resource Plan procurement framework.<sup>155</sup> PG&E also recommends a new tariff, which is described below.

SCE proposes modifications to the DAC-GT and CSGT tariffs.<sup>156</sup> Focusing on the DAC-GT tariff, SCE proposes to automatically enroll eligible low-income customers, contending this will increase participation while simultaneously targeting disadvantaged communities. To further drive robust low-income customer participation, SCE recommends modifying the current cost containment cap to reflect current market prices and developer costs. With respect to both the DAC-GT and CSGT tariffs, SCE recommends expanding project site requirements to allow developers to site projects within five miles of a census tract eligible to be treated as DAC-eligible. For efficiency, SCE recommends leveraging the California Distributed Generation Statistics (DGStats) as a centralized database to store public program evaluation metrics for both tariffs, which SCE proposes will also replace the DAC-GT and CSGT

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<sup>153</sup> PG&E Opening Brief at 20 citing Ex. PGE-02 at 28.

<sup>154</sup> PG&E Opening Brief at 20 citing Ex. PGE-02 at 29.

<sup>155</sup> PG&E Opening Brief at 16 citing Ex. PGE-02 at 22.

<sup>156</sup> See SCE Opening Brief at 36-41 for an overview of its proposed recommendations.

Quarterly Progress Reports. In response to developer feedback, SCE recommends limiting the now biannual solicitations for both DAC-GT and CSGT to one annual solicitation in order to increase developer participation. SCE has reported in this proceeding that it has more customers eligible to participate in the DAC-GT tariff than allowed by available capacity.<sup>157</sup> Thus, SCE proposes the Commission retain the DAC-GT and the CSGT existing capacity allocation for SCE as permitted by Resolution E-4999 or reassignment of unused capacity. Further, SCE asserts that there may come a time when SCE's capacity allocation is reduced such that it may be difficult to attract viable solicitation offers. SCE recommends the Commission adopt a de minimis policy whereby if the remaining capacity falls below 500 kW, SCE is permitted to sunset the program with no further solicitations. SCE contends this ensures that solicitation costs do not unreasonably exceed the value of fulfilling the de minimis capacity. Lastly, with respect solely to the GTSR-CR tariff, SCE recommends retaining the Community Renewables program and keeping it open for enrollment through at least 2025, at which point SCE proposes a comprehensive evaluation. SCE also recommends removal of the community interest requirement of one-sixth residential load. SCE also recommends a new tariff, which is described in the following section.

#### **3.4.1.1. Southern California Edison Company's Proposed Green Share Program Tariff**

SCE proposes a new tariff to replace the GTSR-GT, the Green Share program, where bundled service customers are provided the option to purchase through their retail bill additional green power from RPS-certified facilities that

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<sup>157</sup> SCE Opening Brief at 38.

currently exist in SCE's renewable energy portfolio, if available.<sup>158</sup> Eligible customers (see below) would enroll on a first-come, first-served basis during an annual enrollment window, anticipated to be approximately October 15 to November 15 each year. In addition to their otherwise applicable tariff, these customers would pay the cost of the green power at the Final RPS Market Price Benchmark, which replaces the current revenue-neutral, fluctuating rate design based on other rate components such as class average generation credits, a vintaged Power Cost Indifference Adjustment, a Resource Adequacy adjustment, and Renewable Energy Value adjustment.<sup>159</sup> The Green Share rate structure will have three components: delivery charges, bundled service generation charges, and the Green Share adder rate. SCE asserts that Green Share will leverage SCE's existing authorized procurement processes by providing participants with the green power already in SCE's renewable energy portfolio but not needed to meet the RPS compliance requirements.

SCE contends the proposed Green Share program is a substantial improvement over SCE's existing Green Tariff program, the GTSR-GR or GR, because there would be no program-dedicated procurement; SCE claims Green Share power is incremental. SCE asserts that program dedicated procurement is not necessary because SCE is procuring thousands of megawatts of new capacity for midterm reliability needs, which are based on system reliability needs and not the need to service bundled customers' RPS compliance.<sup>160</sup> SCE further asserts that the amount of incremental renewable resources procured through the midterm reliability solicitations far exceed the amounts SCE expects to need to

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<sup>158</sup> See SCE Opening Brief at 44-59.

<sup>159</sup> SCE-02 at 18-19. See also D.15-01-051 at 96.

<sup>160</sup> SCE Opening Brief at 49.

serve Green Share.<sup>161</sup> If there is not “enough excess RPS green power to serve the Green Share customers” SCE proposes to use “its banked Portfolio Content Category-1 renewable energy credits to meet its own RPS compliance requirements and use its RPS portfolio for Green Share customers.”<sup>162</sup> SCE asserts that leveraging “excess green power” allows the Green Share program to change with customer demand more efficiently than GTSR-GR, which takes years to bring dedicated resources on-line.<sup>163</sup>

SCE contends that the Green Share tariff will provide stable, transparent market prices that maintain non-participant cost indifference. SCE submits that the current GTSR-GR participants are charged a rate that includes charges applicable to those CCA or departing load customers to maintain indifference with non-participating bundled service customers. The Power Charge Indifference Adjustment is dependent on market values leading to price volatility in GTSR-GR. By avoiding program dedicated procurement, this volatility is eliminated.<sup>164</sup>

SCE proposes a two-phase approach. In the first phase, SCE would enroll nongovernmental and nonresidential customers (with at least one customer service account of two to 50 MW of peak load) beginning in the year 2024 and establish a capacity cap of 250 MW. In phase two, to be implemented in 2025, Green Share would be expanded to all other customers and SCE would increase the capacity cap to 400 MW. At that time, SCE proposes transferring enrolled GTSR-GT customers to the Green Share tariff and, by the end of 2025, to sunset

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<sup>161</sup> SCE Opening Brief at 49.

<sup>162</sup> SCE Opening Brief at 50.

<sup>163</sup> SCE Opening Brief at 51.

<sup>164</sup> SCE Opening Brief at 50-51.

the existing GTSR-GR tariff. In phase two, renewable energy credits will be retired for the program as a whole for residential and small/medium nonresidential participating customers.

SCE seeks authorization to incur up to \$5.471 million in incremental implementation costs for both phases through 2028 and will seek recovery of ongoing program implementation costs in its general rate cases.

SCE proposes that GTSR-CR be retained with modifications but evaluated again in 2025. SCE asserts that a new project waiting to come online should be considered in this evaluation to ascertain success of the GTSR-CR program.<sup>165</sup>

#### **3.4.1.2. Pacific Gas and Electric Company's Proposed Green Tariff Shared Renewables Successor Tariff**

PG&E proposes a GTSR successor tariff whereby customers remain on their otherwise applicable tariff and are “topped off” to achieve 100 percent clean energy.<sup>166</sup> PG&E contends the successor tariff would enable customers to achieve 100 percent renewable energy in a more efficient and less duplicative manner than current offerings while ensuring nonparticipants are not harmed by this tariff. PG&E proposes an annual enrollment window with a one-year commitment unless the customer departs to service provided by a CCA. Successor tariff customers would pay a predetermined fixed annual price for incremental clean energy, which, PG&E states, is designed to ensure no program costs are shifted to nonparticipants.

Similar to SCE, PG&E proposes elimination of the existing requirement that customers enrolled in this tariff be served by dedicated resources. Instead,

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<sup>165</sup> SCE Opening Brief at 43.

<sup>166</sup> See PG&E Opening Brief at 15-17.

PG&E proposes that any RPS-eligible resource procured by PG&E would be eligible to serve the demand for this tariff. Further, in order to ensure least-cost best fit procurement, PG&E recommends that future solicitations to meet tariff demand be coupled with procurement activities in the Integrated Resource Plan. PG&E also proposes a 272-megawatt capacity cap for the tariff, with flexibility to raise the cap.

PG&E recommends the Commission sunset the tariff when “its core bundled service reaches a 100 percent clean energy target through a combination of compliant RPS and non-RPS clean energy resources.”<sup>167</sup>

### **3.4.2. Party Recommendations for a New Community Renewable Energy Program**

In testimony, parties offered one proposal for the new community renewable energy program, the NVBT proposed by CCSA. The NVBT is supported by Arcadia, Cypress Creek, Clean Coalition, CBIA, CUE, and SEIA. Additionally, TURN, CEJA, *et al.*, and Cal Advocates support the NVBT if suggested modifications are made. Following the reopening of the record, SCE also proposed a community renewable energy program. This decision provides an overview of each of these proposals below and includes modifications made later in this proceeding.

#### **3.4.2.1. Coalition for Community Solar Access’ Net Value Billing Tariff Proposal**

CCSA proposes the creation of the NVBT, which CCSA contends “offers an experience similar to the net metering experience,” allows for flexibility, and has a framework that provides credits based on the avoided cost value of the

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<sup>167</sup> PG&E Opening Brief at 16.

exported energy to the grid.”<sup>168</sup> CCSA asserts the NVBT proposal is a California version of the NY VDER tariff. CCSA describes community solar as large projects (several megawatts in size) connected to a utility’s distribution system with subscribers<sup>169</sup> (customers) who enroll to receive the generation from a portion of that project through a bill credit. The bill credit would be based on a proposed generation value that is time-differentiated pricing, which rewards delivery of power at times of greater value to the grid.<sup>170</sup>

Subscriptions would be commercial arrangements between the facility owner<sup>171</sup> and the subscribers. In the proposed NVBT, the commercial arrangements are not prescribed but can include the subscriber paying the facility owner: (1) for a portion of the project’s capacity; (2) an amount for each kilowatt-hour (kWh) produced (\$/kWh); (3) a fixed amount per month (\$100/month); or (4) a portion of the bill credit received. CCSA proposes a Shared Savings Model whereby the subscriber is assigned a portion of the credits for the value of the electricity generation ascribed to the individual subscriber’s subscription, with the remaining value of the electricity generation going to the developer.

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<sup>168</sup> Ex. CCSA-01 at 4.

<sup>169</sup> CCSA also refers to the Subscriber as the Benefiting Account holder.

<sup>170</sup> Ex. CCSA-02 at 4.

<sup>171</sup> CCSA defines the Facility Owner as the entity with the legal control of the physical asset (the facility) and legal responsibility for managing the asset, including responsibility for any contractors that assist in project management and/or customer subscription. The Facility Owner, and by extension any Subscription Coordinator used to subscribe customers, is the entity responsible for consumer protections. (*See* Ex. CCSA-01 at 41-42.)



CCSA describes the core elements of the NVBT as: (1) export compensation rate structure or generation value; (2) terms of service and billing rules; and (3) consumer protection elements.<sup>172</sup>

Looking first at generation value, CCSA proposes that electricity generated and sent to the grid would be compensated as bill credits based upon the value of that energy on an hourly basis. CCSA states that, similar to the NY VDER tariff (described in Section 3.4.1.), time-differentiated pricing would reflect the value sum of different elements of a value stack for distributed resources.<sup>173</sup> In the NY VDER, the value stack includes energy, capacity, environmental, demand reduction, and locational system values.<sup>174</sup> In the NVBT, however, CCSA proposes a four-element value stack: avoided energy, avoided capacity (which includes generation, and transmission and distribution) and environmental (greenhouse gas rebalancing, greenhouse gas adder, and methane leakage) values.

CCSA recommends using Day-Ahead Zonal prices used in the CAISO market as the avoided energy value. The other values would be fixed based on values from the Avoided Cost Calculator, similar to the approach in the recently adopted Net Billing tariff. However, instead of using all 8,760 hourly data points for each non-energy component of the Avoided Cost Calculator, CCSA proposes that hourly values for each year from the transmission, distribution, generation capacity, greenhouse gas rebalancing, methane leakage, and greenhouse gas adder categories in the Avoided Cost Calculator would be summed into annual values, levelized over a term period of 25 years, and then divided by the number

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<sup>172</sup> The description for these elements is provided by CCSA in Ex. CCSA-01 at 44-51.

<sup>173</sup> Ex. CCSA-02 at 4.

<sup>174</sup> November 6 Ruling at 3. (*See also* November 6 Ruling at Attachment 3.)

of peak hours (368) to create an hourly price applied to peak hours of each year.<sup>175</sup> The peak hours would be July through September from 5:00 p.m. to 9:00 p.m. Pacific Standard Time, including weekends. CCSA contends these capture over 99 percent of the hourly 2022 generation capacity in the 2022 Avoided Cost Calculator.<sup>176</sup> CCSA proposes that compensation would only be provided for these peak hours and that there is no off-peak compensation to customers.<sup>177</sup>

The terms of service and conditions proposed by CCSA include eligibility, duration of service, true-up period, netting interval, and the form of subscriptions. CCSA proposes that subscriber eligibility be broad to include any customer class (bundled or unbundled) with the only requirement being that the customer be located in the same utility service territory as the generating facility. CCSA states that generating facilities include generators with a generation profile that produces similar benefits to participants and non-participants, *e.g.*, solar, solar paired with storage, distributed wind projects, or small hydro-electric facilities. However, CCSA recommends limiting eligibility in the NVBT to new solar photovoltaic systems paired with four-hour storage and distributed wind energy projects.<sup>178</sup> Eligible generator accounts<sup>179</sup> may or may not have load beyond that required by the facility who takes service with the facility owner but must be a non-residential account. CCSA recommends no minimum duration of

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<sup>175</sup> Ex. CCSA-02 at 7.

<sup>176</sup> Ex. CCSA-02 at 8.

<sup>177</sup> Ex. CCSA-02 at 11.

<sup>178</sup> Ex. CCSA-01 at 49-51.

<sup>179</sup> CCSA defines a Generator Account as the customer account associated with the solar or wind generation facility interconnected to an investor-owned utility's distribution system through a single meter. (Ex. CCSA-01 at 41.)

service for Subscribers, but the generator accounts would have access to the tariff for 25 years from the date of commercial operation. With respect to the true-up period and netting, CCSA proposes allowing for maximum flexibility by adopting monthly netting with indefinite rollover. If a customer leaves utility service, those credits would be forfeited. Unsubscribed generation capacity can be banked on the generating account for two years. The form of subscription would be capacity-based, sized to produce an amount equivalent to the subscriber's anticipated usage.

The final element of the NVBT is consumer protections. CCSA recommends the following three components: (1) facility owner and subscription coordinator registration and monitoring; (2) standardized disclosure forms; and (3) prohibitions on the use of credit scores and exit/termination fees for low-income customer (as described by AB 2316) subscribers.<sup>180</sup> CCSA also proposes ensuring that subscription fees are not charged prior to operationalization of the generating facility and are lower than bill credits.<sup>181</sup> CCSA asserts these assurances can be guaranteed through Simplified Billing whereby the utility would deduct the customer's subscription price from the customer bill credit prior to crediting the customer's bill and then the utility would remit the subscription price to the facility owner in the form of an Automated Clearing House payment<sup>182</sup> to the generating facility owner for the total of the portion of the bill credit retained by the generating facility owner.<sup>183</sup>

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<sup>180</sup> Ex. CCSA-01 at 52-63.

<sup>181</sup> Ex. CCSA-01 at 63.

<sup>182</sup> An Automated Clearing House payment is a form of an electric fund transfer.

<sup>183</sup> Ex. CCSA-01 at 77.

CCSA provided additional details and proposed compromises following the initial service of its proposal. First, while CCSA did not propose a limitation to the capacity size of the tariff, in response to other proposals, CCSA recommends a statewide 10-gigawatt cap. However, in comments to the November 6 Ruling, CCSA agrees with CEJA, *et al.* that if a program cap is considered, it should be set at a minimum of four gigawatts.<sup>184</sup> Second, in response to CAISO concerns about visibility of the NVBT generation resources (*see* Section 3.4.2.5 below), CCSA supports a requirement to provide CAISO with telemetry data for all NVBT generation resources greater than one megawatt.<sup>185</sup> Third, CCSA states they are open to incorporating a critical peak pricing component for addressing system needs outside the established peak period.<sup>186</sup> Fourth, CCSA proposes a limited ability for load serving entities to shift the four-hour block of peak hours (see discussion above) on to another window on a day-ahead basis, up to 10-days per year with prior notice to the NVBT generation resource.<sup>187</sup> Previously, CCSA proposed that the peak hours (in the Avoided Cost Calculator) would be July through September from 5:00 p.m. to 9:00 p.m. Pacific Standard Time, including weekends.

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<sup>184</sup> CCSA Reply Comments to November 6 Ruling at 21-22.

<sup>185</sup> CCSA Reply Comments to November 6 Ruling at 10-11.

<sup>186</sup> CCSA Reply Comments to November 6 Ruling at 9-10.

<sup>187</sup> CCSA Reply Comments to November 6 Ruling at 12-13.

### **3.4.2.2. Cal Advocates' Proposed Modifications to the Net Value Billing Tariff Proposal**

Cal Advocates support a modified NVBT.<sup>188</sup> This section describes Cal Advocates' proposed modifications that either differ from the NVBT, as proposed by CCSA, or go beyond the requirements of AB 2316.

Cal Advocates proposes three guardrails for the NVBT; the guardrails include an evaluation in combination with a sunset date and a cap on the amount of capacity all projects operating under the tariff. Cal Advocates suggests that to prevent a ballooning cost shift the Commission should collect data during the first two years of the NVBT and perform an evaluation following those two years.<sup>189</sup> Cal Advocates proposes that the Commission establish a sunset date that occurs shortly after the evaluation, noting that if the NVBT is successful, the sunset date could be extended.<sup>190</sup> Cal Advocates recommends implementing a four-gigawatt capacity limit on the NVBT to prevent runaway cost shifts from developing without recourse.<sup>191</sup> As discussed below, Cal Advocates revises this recommendation later in comments.

In response to the forecast by the California Air Resources Board of storage capacity for years 2023 through 2028, Cal Advocates proposes decreasing the capacity limit from four to two gigawatts because the forecasted storage capacity is not exclusive to paired storage community renewable energy resources.<sup>192</sup> Cal Advocates also highlights that the NY VDER, which NVBT is based on,

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<sup>188</sup> TURN Opening Brief at 22-28.

<sup>189</sup> Cal Advocates Opening Brief at 19 and 21.

<sup>190</sup> Cal Advocates Opening Brief at 18-19.

<sup>191</sup> Cal Advocates Opening Brief at 30.

<sup>192</sup> Cal Advocates Opening Comments to November 6 Ruling at 6.

quickly reached two gigawatts of installed community solar resources despite having a much smaller population than California. Cal Advocates asserts that implementation of a two-gigawatt program cap will ensure an appropriate amount of time for a trial period and proper program evaluation.<sup>193</sup>

In addition to the guardrails discussed above, Cal Advocates proposes several other modifications to meet the requirements of AB 2316. To ensure robust low-income consumer participation, Cal Advocates proposes the implementation of transparent quarterly reporting, the engagement of a third-party administrator to oversee compliance with the 51 percent low-income capacity requirement, and establishment of a one-year limit to banking bill credits received by customers.<sup>194</sup> To ensure the protection of participating customers, Cal Advocates recommends the adoption of penalties for consumer protection violations by facility owners.<sup>195</sup> To ensure that projects are community focused, Cal Advocates proposes that the new community renewable energy program has locational requirements and utilizes both on-site and contiguous locations.<sup>196</sup> Finally, to appropriately balance the risks to ratepayers of any potential misalignment in true avoided costs to the compensation structure, Cal Advocates recommends that in adopting the use of the Avoided Cost Calculator values, as proposed by CCSA, the Commission should adopt an incremental 10-year tariff lock-in of Avoided Cost Calculator values.<sup>197</sup>

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<sup>193</sup> Cal Advocates Reply Comments to November 6 Ruling at 5.

<sup>194</sup> Cal Advocates Opening Brief at 20-23.

<sup>195</sup> Cal Advocates Opening Brief at 23.

<sup>196</sup> Cal Advocates Opening Brief at 23-24.

<sup>197</sup> Cal Advocates Opening Brief at 25-27.

In later additions to the record, Cal Advocates propose that the Commission allow for co-location of projects that, when combined, remain under a five-megawatt project cap. Cal Advocates surmises this will allow for more flexibility in project siting and increase the variation in subscribing customers.<sup>198</sup>

### **3.4.2.3. The Utility Reform Network's Proposed Modifications to the Net Value Billing Tariff Proposal**

TURN also supports a modified NVBT.<sup>199</sup> This section describes TURN's proposed modifications that either differ from the NVBT as proposed by CCSA or go beyond the requirements of AB 2316.

Looking first at facility owner-specific elements, TURN recommends the Commission require that generators in the modified NVBT must: (1) meet the definition of renewable energy resource as described in Pub. Util. Code Section 399.12(e); (2) incorporate a minimum of four-hour energy storage capacity equivalent to the rate generation; and (3) be located and sized in a manner that does not trigger significant distribution circuit upgrades. TURN maintains that these location and size limits will ensure NVBT resources will not exacerbate delays in the connection of new customers or increased customer load.<sup>200</sup> TURN supports Cal Advocates' original recommendation of a four-gigawatt cap on the program as well as an evaluation of the program.<sup>201</sup> TURN also recommends a directive that utilities identify suitable distribution circuits that can accommodate projects up to five megawatts.<sup>202</sup>

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<sup>198</sup> Cal Advocates Reply Comments to November 6 Ruling at 4.

<sup>199</sup> TURN Opening Brief at 22-28.

<sup>200</sup> TURN Opening Brief at 35.

<sup>201</sup> TURN Reply Comments to November 6 Ruling at 6.

<sup>202</sup> TURN Opening Comments to November 6 Ruling at 8.

Turning to compensation for generated energy exported to the grid, TURN recommends that the facility owner would receive a 20-year contract term with either: (1) a 10-year lock-in of Avoided Cost Calculator values with day-ahead wholesale market prices for the energy supply portion that can be renewed for a subsequent 10-year period based on updated Avoided Cost Calculator values; or (2) a 20-year lock-in of Avoided Cost Calculator values with day-ahead wholesale market prices for the energy supply portion but ongoing flexibility for Commission review and modification of certain aspects of the Avoided Cost Calculator.<sup>203</sup> TURN notes that the Avoided Cost Calculator provides value based on the assumption that customer load reductions occurring during peak system hours “lower the overall Resource Adequacy requirements for a load serving entity” if the Energy Commission considers the NVBT resources as load modifiers.<sup>204</sup> TURN contends that such a CEC determination would allow NVBT output to serve as a load modifier, thus justifying generation capacity values under the Avoided Cost Calculator.<sup>205</sup> TURN agrees with CCSA that the Commission should allow generator accounts to bank unused export credits but recommends limiting this to one year.<sup>206</sup>

Turning to subscriber-specific elements, TURN specifies that subscribers should be permitted to subscribe to a quantity of annual generation output

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<sup>203</sup> TURN recommends the Commission should review and update: the number of peak hours, the allocation of value amongst hours, and the specific hours and months during which compensation is paid relative to Avoided Cost Calculator values and grid needs. (TURN Opening Brief at 23 citing Ex. TURN-02 at 17-18.)

<sup>204</sup> TURN Opening Comments to November 6 Ruling at 2.

<sup>205</sup> TURN Opening Comments to Proposed Decision at 10.

<sup>206</sup> TURN Opening Brief at 25 citing Ex. TURN-02 at 18.



consistent with their typical usage.<sup>207</sup> Like CCSA, TURN proposes monthly bill credits but recommends that subscriber savings must exceed a minimum percentage of the Avoided Cost Calculator values used to compensate the project with additional savings parameters for projects receiving the enhanced federal Investment Tax Credit (ITC).<sup>208</sup> As required by AB 2316 for new community renewable energy programs, 51 percent of the program's capacity must serve low-income residential customers; TURN recommends this should be applied to each project and failure to comply should result in capacity for that project being derated.<sup>209</sup> TURN proposes that all renewable energy attributes associated with energy exports credited to a subscriber account should be retired.<sup>210</sup>

With respect to utilities, TURN proposes the Commission should allow limited energy storage dispatch rights while protecting the generator account's expected annual bill credits.<sup>211</sup> TURN supports a pilot to test this concept as proposed by PG&E.<sup>212</sup> As previously stated, TURN recommends the Commission develop standards to allow each utility to designate distribution circuits as unsuitable for NVBT projects.<sup>213</sup>

TURN proposes new consumer protection standards, some of which overlap with the CCSA proposal and some of which overlap with current Commission standards. Additionally, TURN recommends the Commission

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<sup>207</sup> TURN Opening Brief at 25 citing Ex. TURN-01 at 29.

<sup>208</sup> TURN Opening Brief at 23 citing Ex. TURN-01 at 27-29.

<sup>209</sup> TURN Opening Brief at 24 citing Ex. TURN-02 at 18 and Ex. TURN-03 at 5.

<sup>210</sup> TURN Opening Brief at 24 citing Ex. TURN-01 at 26.

<sup>211</sup> TURN Opening Brief at 24 citing Ex. TURN-02 at 11-12.

<sup>212</sup> TURN Reply Comments to November 6 Ruling at 6.

<sup>213</sup> TURN Opening Brief at 25 citing Ex. TURN-02 at 13.

establish a penalty and appeal program for facility owners receiving excessive customer complaints regarding consumer abuses.<sup>214</sup> TURN also proposes the Commission retain the services of a third-party administrator to operate a centralized website and “act as a clearinghouse for comparing project offers and oversee consumer protections.”<sup>215</sup>

Lastly, TURN promotes a subcategory of projects it calls Community Benefit Partner projects, which are partnerships between developers and community entities with optional ownership at the end of the contract.<sup>216</sup> TURN recommends the Commission require Utilities to give preference to these projects through priority interconnection queue status and longer-term tariff payments. Additionally, TURN proposes formal endorsement by the Commission of prioritization of external funds to support these projects.

#### **3.4.2.4. Southern California Edison Company’s Community Renewable Energy Proposal**

In response to their concerns about the legality of the NVBT proposal described above (*see* Section 3.4.3 below), SCE proposes a community renewable energy program that SCE alleges would comply with the federal Public Utility Regulatory Policies Act (PURPA). SCE proposes a capped feed-in tariff where generation resources are compensated at an avoided cost rate that is compliant with PURPA.<sup>217</sup> With this proposal, a power purchase agreement (Agreement) would require the generation resources to participate in the wholesale market so that CAISO would have visibility/dispatchability of the resources’ energy and

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<sup>214</sup> TURN Opening Brief at 27 citing Ex. TURN-01 at 34.

<sup>215</sup> TURN Opening Brief at 27 citing Ex. TURN-02 at 22-25 and Ex. TURN-01 at 31.

<sup>216</sup> TURN Opening Brief at 26 citing Ex. TURN-01 at 36-48 and Ex. TURN-02 at 14.

<sup>217</sup> SCE’s proposal is provided in SCE Opening Comments to November 6 Ruling at 2-3.

capacity. The Agreement would provide the PURPA avoided cost rate as compensation for providing Resource Adequacy.

As part of this program, SCE proposes to include a subscription component, with a majority of the subscribers, *i.e.*, 51 percent, being low-income customers. Subscribers would receive a portion of the Resource Adequacy compensation through a bill credit. SCE proposes a Simplified Shared Savings Model to implement the subscriber's bill credit.<sup>218</sup> This model would require the load serving entity to sign the Agreement and make contractual payments to the generation resource owner. This could be on a \$/kWh energy basis or a combination of energy and capacity payments, both of which include day-ahead market prices from CAISO. SCE proposes that the subscribing customers' share of the compensation be set aside in a balancing account to be distributed through a flat \$/kWh credit that can be trued up annually based on the generation resource's performance. SCE also proposes that the share of compensation be ten percent for non-low-income customers and 20 percent for low-income customers. SCE submits that other details of the model could be addressed through an advice letter process.

Other parameters of SCE's proposal include a maximum facility size of three megawatts, a capacity constrained site location requirement, a combined solar and storage requirement (allowing for Renewable Energy Credits), and a requirement that storage dispatch rights be provided to the contracting utility.

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<sup>218</sup> SCE's Simplified Shared Savings Model is described in SCE Opening Comments to November 6 Ruling at 23-24.

#### **3.4.2.5. Adding to the Proceeding Record**

Following the filing of briefs, the Commission set aside submission of the record twice in this proceeding, in the July 23 Ruling and the November 6 Ruling.

In the July 23 Ruling, the Commission asked parties to respond to questions on cost-effectiveness considerations and potential cost shift estimates for the new community renewable energy program proposals. The questions posed also queried parties on the appropriateness of using the Avoided Cost Calculator and the enumeration of the quantifiable and measurable benefits to participating and nonparticipating ratepayers. Parties' comments on cost-effectiveness and the cost-shift are captured in the discussion below on compliance with AB 2316 in Section 3.4.4.2.

In the November 6 Ruling, the Commission asked parties questions about: (1) grid reliability and generation capacity values; (2) potential guardrails; and (3) interconnection matters. The ruling provided descriptions of the NY VDER tariff, which CCSA often refers to in describing the export compensation rate elements of the NVBT. With respect to questions on generation capacity, the ruling provided a description of the Commission's Resource Adequacy program. The Commission provided parties with this additional information as a foundation to further develop the record of this proceeding.

Parties' comments to the November 6 Ruling are discussed throughout Section 3.4 but generally espouse previous positions. CCSA and other proponents of NVBT options argue that participating resources will provide reliability and generation capacity because they will be included in the Energy Commission's load forecast and deducted from each local serving entity's Resource Adequacy requirements. Joint CCAs and Utilities argue that potential

NVBT resources do not provide the claimed reliability and capacity benefits because they will not participate in Resource Adequacy and would instead increase generation capacity costs for the same type of wholesale resources, as well as raise major safety and visibility issues for the CAISO. CAISO provided its own comments regarding these safety and visibility concerns. Given the Commission's responsibility to ensure Utilities maintain a safe and reliable grid, this decision presents an overview of the CAISO comments below.

In response to the November 6 Ruling, CAISO sought and received party status in this proceeding and provided relevant operational and planning implications. CAISO's comments focused on two issues related to this proceeding: Resource Adequacy requirements and NVBT project alignment with grid needs.

In their comments, CAISO requests the Commission to ensure that if NVBT resources either count toward Resource Adequacy requirements as supply-side resources or reduce Resource Adequacy requirements as load-modifying resources, the resources should consistently, coincidently, and systematically contribute to meeting or reducing load serving entities' share of coincident demand.<sup>219</sup> Noting that the CAISO does not have operational control of load-modifying resources, CAISO contends that if these resources demonstrably offset Resource Adequacy requirements by reducing the metrics that drive Resource Adequacy requirements, then the resources could reduce system capacity needs in lieu of procuring additional supply side Resource Adequacy capacity. CAISO asserts that if the resources are not "consistently used and dispatched coincident with the hours and times of peak demand and,

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<sup>219</sup> CAISO Opening Comments to November 6 Ruling at 3.

therefore, do not favorably reshape and modify the demand that drives [Resource Adequacy] requirements, then avoiding [Resource Adequacy] and capturing [Resource Adequacy] savings will not be realized.”<sup>220</sup> CAISO cautions that there is “risk associated with self-deployed load modifying resources, where resources may not be utilized when and where needed, resulting in potential inefficiencies and reliability issues if the deployment of load-modifying programs do not align with grid needs.”<sup>221</sup>

CAISO also cautions the Commission that if NVBT resources send a significant amount of power onto distribution systems (as well as transmission grids) but are not visible to the CAISO, it would “create operational and demand forecasting challenges for distribution operators and the CAISO.”<sup>222</sup> CAISO asserts such challenges would be exacerbated if projects regularly export without incentives “to operate consistently and aligned with grid needs.”<sup>223</sup> CAISO highlights the recent reestablishment of a one-megawatt project cap on exporting net energy metering resources that interconnect directly to the transmission grid via Electric Rule 21. CAISO notes that in that same decision, the Commission determined that large, non-market participating exporting and load masking systems greater than one megawatt that backfeed onto the transmission system should provide operational data to the CAISO to manage operational and forecasting issues and re-instituted a one-megawatt cap on these resources.<sup>224</sup> CAISO recommends a similar requirement for large exporting solar and storage

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<sup>220</sup> CAISO Opening Comments to November 6 Ruling at 5.

<sup>221</sup> CAISO Opening Comments to November 6 Ruling at 5.

<sup>222</sup> CAISO Opening Comments to November 6 Ruling at 2.

<sup>223</sup> CAISO Opening Comments to November 6 Ruling at 2.

<sup>224</sup> CAISO Opening Comments to November 6 Ruling at 2 and 5-6.

projects because the NVBT resources are not proposed to participate in the CAISO market and thus not visible to CAISO.<sup>225</sup>

### **3.4.3. Overview of NY VDER**

Throughout testimony, CCSA frequently compares its NVBT proposal to the NY VDER calling the NVBT a California version of the NYVDER. Several other parties referenced the NY VDER as well. However, CCSA also notes that “California and the NVBT are not entirely analogous to New York and the NY VDER.”<sup>226</sup> To ensure a complete record on the NY VDER, the Commission issued the November 6 Ruling to provide a clearer picture of the tariff and its differences from the NVBT. This decision presents a brief overview of the NY VDER so that the reader can compare and contrast the two tariffs.

According to the website for the New York State Energy Development Agency (NYSERDA), the “Value of Distributed Energy Resources (VDER), which includes the Value Stack, is a methodology or tariff used to compensate energy created by distributed energy resources (DERs). Compensation under the Value Stack is based on the actual benefits a resource provides to New York’s electric grid and is in the form of bill credits. This is determined by a distributed energy resources’ energy value, capacity value, environmental value, demand reduction value, and locational system relief value. The Value Stack methodology applies to onsite nonresidential projects larger than 750 kilowatts AC and all remote metered projects including those using a Community Distributed Generation

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<sup>225</sup> CAISO Opening Comments to November 6 Ruling at 2, 5-7. (*See also* D.22-07-001, which reinstituted the one-megawatt cap on net energy metering resources interconnecting to the transmission grid and requires these resources to provide telemetry data to CAISO, and D.23-06-005, which requires nonexporting resources greater than one-megawatt to provide telemetry data to CAISO.)

<sup>226</sup> CCSA-07 at 35.

(CDG) configuration. Eligible technologies include solar photovoltaics (PV), stand-alone and co-located energy storage, certain types of combined heat and power (CHP), anaerobic digesters, wind turbines, small hydro and fuel cells.”<sup>227</sup> As indicated on the NYSERDA Technical Assistance website, the NY VDER has a five-megawatt capacity cap for all projects.<sup>228</sup>

The website goes on to say that the Value Stack is used by a utility to determine the value of the energy produced and the monetary value through bill credits is distributed by the utility to offtakers (subscribers) as directed by the distributed energy resource developer and the offtakers pay a subscription fee to the developer. The website explains that the Value Stack was developed to ensure an accurate and fair compensation model to provide project owners and developers with reasonable revenue certainty and bankability.

CCSA has compared the Avoided Cost Calculator values to the Value Stack values but concedes there are differences. According to the NYSERDA website, the Value Stack has six elements or values: (1) the Energy Value, which changes hourly and varies according to geography zone, is the day-ahead wholesale energy price as determined by the New York Independent System Operator; 2) the Capacity Value, which can change monthly, is the value of how well a project reduces New York State’s energy usage during the most energy-intensive days of the year; 3) the Environmental Value, which is locked in for 25 years, is the value of how much environmental benefit a clean kilowatt-hour brings to the grid and society; 4) the Demand Reduction Value, which is locked in for 10 years, is determined by how much a project reduces the utility’s future

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<sup>227</sup> NYSERDA NY VDER website at: [nyseda.ny.gov/vder](https://www.nyseda.ny.gov/vder).

<sup>228</sup> <https://www.nyseda.ny.gov/All-Programs/Energy-Storage-Program/Developers-and-Contractors/Technical-Assistance>



needs to make grid upgrades; 5) the Locational System Relief Value, which is locked in for 10 years, is available in utility-designated locations where distributed energy resources provide additional benefits to the grid; each location has a limited number of available megawatt capacity; and 6) a Community Credit is available on a limited basis to encourage development of community distributed generation projects but is locked in for 25 years. The Community Credit<sup>229</sup> is an additional upfront incentive.

#### **3.4.4. Compliance with Assembly Bill 2316 and Public Utilities Code Section 769.3(c)**

This section addresses issues related to AB 2316 and Pub. Util. Code Section 769.3(c): (1) whether the legislation and statute requires the Commission to adopt a new community renewable energy program; and (2) whether the NVBT proposal complies with AB 2316 and Pub. Util. Code Section 769.3(c).

##### **3.4.4.1. Assembly Bill 2316 Does Not Require the Commission to Adopt a New Community Renewable Energy Program**

SCE asserts that AB 2316 does not require a new community renewable energy program. SCE contends AB 2316 “provides the Commission with discretion as to whether to order its implementation.”<sup>230</sup> Citing Pub. Util. Code Sections 769.3(b)(2)(A)-(B), SCE submits that Section 769.3(b)(2)(B) “makes plain the Legislature did not restrict the Commission’s discretion” to order a new community renewable energy program in stating “If the commission establishes a community renewable energy program pursuant to subparagraph (A).”<sup>231</sup> The

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<sup>229</sup> <https://www.nyserda.ny.gov/All-Programs/NY-Sun/Contractors/Dashboards-and-incentives/Community-Adder>

<sup>230</sup> SCE Opening Brief at 45.

<sup>231</sup> SCE Opening Brief at 45 and fn. 126 citing Pub. Util. Code §769.3(b)(2)(B).

Commission agrees with this interpretation; the plain language of AB 2316 allows the Commission to make its own determination on the reasonableness of establishing a community renewable energy program, *i.e.*, the Commission is not required to adopt a community renewable energy program. However, as discussed in Section 3.4.5 below, the Commission finds it beneficial to ratepayers to establish a community renewable energy program consistent with the criteria in AB 2316.

#### **3.4.4.2. Net Value Billing Tariff Proposals Conflict With Assembly Bill 2316**

As described below, the Commission finds that the NVBT proposal does not meet the requirement of AB 2316 and Pub. Util. Code Section 769.3(c)(3) to minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of avoided costs. First, adopting any form of NVBT would result in ratepayers paying more than the avoided cost for these resources. Second, analysis of the NVBT proposal indicates that a cost shift would exist. Both findings are in direct conflict with Pub. Util. Code Section 769.3(c)(3).

##### **3.4.4.2.1. The Net Value Billing Tariff Results in Ratepayers Paying More Than the True Avoided Costs**

The foundation of the NVBT proposal is the use of hourly Avoided Cost Calculator values to calculate retail export compensation rates. The Avoided Cost Calculator is used for the net billing tariff recently adopted by the Commission in D.22-12-056 but is not an accurate measure of value for the NVBT proposal because NVBT resources do not truly avoid certain costs, as discussed below. Hence, adopting the NVBT proposal would result in ratepayers paying more than the avoided costs for these resources. Further, the interaction of NVBT

resources with the grid is different from the interaction of net billing tariff resources with the grid. Hence, the Commission finds that the NVBT resources do not result in the same avoided costs as the net billing tariff resources.

As SEIA states, the Avoided Cost Calculator has multiple avoided cost components: (1) avoided energy costs; (2) line loss; (3) avoided ancillary services costs; (4) avoided generation; (5) avoided transmission and distribution; (6) greenhouse gas costs; and (7) reduction in methane leakage.<sup>232</sup> In the case of the NVBT, certain components are treated differently: (1) avoided energy costs are replaced with actual day-ahead market prices;<sup>233</sup> and (2) generation, transmission and distribution, and “environmental values”<sup>234</sup> are based on the Avoided Cost Calculator values but consolidated into a rate that applies during a four-hour peak period of 5:00 p.m. to 9:00 p.m. during July, August, and September.<sup>235</sup> CCSA maintains this model is similar to that used in NY VDER. Noting that the NY VDER provides all avoided capacity value based on actual projection during a single peak hour of the year, TURN asserts that this approach may not align with the multi-hour net peak load that occurs on the CAISO system.<sup>236</sup> TURN cautions the Commission in comparing California to New York, noting that the New York approach relies on short-term capacity values that reset frequently. TURN contends these values are not easy to forecast and may create significant revenue risks for projects, which could require higher investor

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<sup>232</sup> SEIA Opening Brief at 39 citing Ex. SEIA-02 at 5.

<sup>233</sup> Ex. CCSA-08 at 3, Table 2: *Value Stack Elements in the Revised Export Credit Rate Proposal*.

<sup>234</sup> Environmental values are the Avoided Cost Calculator greenhouse gas rebalancing, Greenhouse Gas Adder, and methane leakage adder. (See Ex. CCSA-008 at 3, Table 2.)

<sup>235</sup> Ex. CCSA-008 at 3, Table 2.

<sup>236</sup> TURN Opening Comments to November 6 Ruling at 5.

returns and, thus, higher project costs.<sup>237</sup> SCE contends that using the Avoided Cost Calculator values would result in a non-energy payment that is approximately six times the capacity payment a similarly situated resource would receive under PURPA.<sup>238</sup>

Parties have differing opinions on the proposed use of the Avoided Cost Calculator for calculating retail export compensation rates for the NVBT. This section does not address the specific values of the avoided costs but, rather, presents the arguments regarding whether every one of the avoided costs **proposed** in the NVBT framework truly avoids costs. Below, this decision sets forth the arguments made by parties, provides the opposing rebuttal, and presents the Commission's determination.

CCSA maintains that NVBT resources are proposed to be state-jurisdictional behind-the-meter resources that will export energy to the grid just as a net-metered system does and will offset nearby demand, thus reducing energy required from wholesale markets.<sup>239</sup> CCSA contends that CAISO has used the term Excess Behind the Meter Production to identify these same types of injections and has described them as "serving nearby demand, offsetting energy required from the CAISO markets."<sup>240</sup> CCSA asserts that clarifications to the CAISO Tariff are needed to apply the same treatment to NVBT resources as net energy metering resources.<sup>241</sup> SCE disputes these claims stating there is no evidence that NVBT production will ever be treated in the same manner as

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<sup>237</sup> TURN Opening Comments to November 6 Ruling at 5.

<sup>238</sup> SCE Opening Comments to November 6 Ruling at 21.

<sup>239</sup> CCSA Reply Brief at 14.

<sup>240</sup> CCSA Reply Brief at 14 citing Ex. CCSA-007 at 19.

<sup>241</sup> Ex. CCSA-007 at 19.

Excess Behind the Meter Production.<sup>242</sup> SCE asserts that with NVBT, energy output could occur every hour of every day, whereas the CAISO considers Excess Behind the Meter Production to be a narrow category of energy; *i.e.*, occurring infrequently.<sup>243</sup> SCE contends that under the existing CAISO Tariff, there would be “no value in NVBT output as a load reducer because it is not in fact behind the meter of a business or residence.”<sup>244</sup>

CEJA, *et al.* offer that it is appropriate for Avoided Cost Calculator values to value NVBT resources “whether the system is behind or in front of the meter.”<sup>245</sup> CEJA, *et al.* assert that Avoided Cost Calculator documentation does not differentiate between the two because distributed energy resources provide transmission and distribution benefits whether they are sited in front of or behind the meter.<sup>246</sup> SEIA agrees that the location behind or in front of the meter is inconsequential noting that the Commission has stated that the Avoided Cost Calculator determines the primary benefits of distributed energy resources and the Commission’s Distributed Energy Resources Action Plan defines distributed energy resources as connected to the distribution grid behind the customer’s meter, and some are connected in front of the customer’s meter.<sup>247</sup>

Contending that the generators anticipated to be used in the NVBT are front of the meter resources, Joint CCAs assert that the Avoided Cost Calculator “was developed to value the avoided cost of [front of the meter] resources when

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<sup>242</sup> SCE Reply Brief at 18.

<sup>243</sup> SCE Reply Brief at 16-17. (*See also* SCE Reply Brief at 16-17 citing Ex. SDG&E-04, Appendix C at 12 and Ex. SDG&E-04, Appendix 3 at 2.)

<sup>244</sup> SCE Reply Brief at 17.

<sup>245</sup> CEJA, *et al.* Opening Comments to June 23 Ruling at 8.

<sup>246</sup> CEJA, *et al.* Opening Comments to June 23 Ruling at 8.

<sup>247</sup> SEIA Opening Brief at 43.

using behind the meter resources.”<sup>248</sup> Joint CCAs argue that front of the meter projects “do not directly offset, and are not sized to, customer load” leaving it “unclear whether a [front of the meter] resource compensated with the [Avoided Cost Calculator] would actually deliver the purported benefits in the [Avoided Cost Calculator].”<sup>249</sup> Joint CCAs offer that because front of the meter resources use both the transmission grid and distribution grid to deliver energy, the transmission and distribution avoided costs in the Avoided Cost Calculator are not avoided.<sup>250</sup>

PG&E cautions that without visibility and operational control to ensure resources deliver at the right time and right place to provide deferral, reliability, and resiliency, the NVBT could not realize transmission and distribution benefits.<sup>251</sup> PG&E contends that the NVBT as proposed would not include on-site consumption of generation (the Avoided Cost Calculator assumes all generation is intended to offset on-site consumption), but instead would export onto secondary, primary, or transmission systems creating a challenge to substantiate avoided line losses and avoided transmission and distribution capacity.<sup>252</sup> Underscoring that the NVBT would not participate in the CAISO market, PG&E cautions this would lead to a lack of deliverability and participation in the Resource Adequacy program or incorporation into the load forecasting process, which would result in zero generation capacity value for ratepayers.<sup>253</sup> PG&E

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<sup>248</sup> Joint CCAs Opening Comments to June 23 Ruling at 10.

<sup>249</sup> Joint CCAs Opening Comments to June 23 Ruling at 11.

<sup>250</sup> Joint CCAs Opening Comments to June 23 Ruling at 11.

<sup>251</sup> PG&E Opening Comments to June 23 Ruling at 3.

<sup>252</sup> Ex. PGE-04 at 5.

<sup>253</sup> PG&E Opening Comments to June 23 Ruling at 4-5. (*See also* Ex. PG&E-04 at 5.)

contends that without a deliverability study that occurs with Resource Adequacy participation, megawatt-scale “distribution connected NVBT resources could cause backfeed-related issues and trigger costly transmission upgrade requirements.”<sup>254</sup> TURN recommends “the Commission better align the elements of Avoided Cost Calculator compensation with the forecasted value of distribution-level exports” and only provide generation capacity value to subscribers if output reduces the Resource Adequacy obligation of the utility serving the generating account owner.<sup>255</sup> PG&E contends a competitively priced Resource Adequacy contract would provide closer value for this than using the Avoided Cost Calculator to calculate this value.<sup>256</sup>

Supporting PG&E’s view on Resource Adequacy, SCE adds that given CCSA’s assertion that utilities are not “obtaining any title to capacity,” “SCE certainly cannot lawfully claim the capacity for [Resource Adequacy] purposes.”<sup>257</sup> SCE concludes that NVBT resources cannot provide assurances of deliverability.<sup>258</sup> SCE also contends the NVBT resources do not reduce load and therefore do not avoid costs when demand for energy decreases, which is what the Avoided Cost Calculator measures.<sup>259</sup> SCE asserts that, instead, NVBT resources offset the need to procure energy from another resource, therefore negating the need to use the Avoided Cost Calculator to value the offsets.<sup>260</sup>

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<sup>254</sup> PG&E Opening Comments to June 23 Ruling at 5.

<sup>255</sup> TURN Opening Comments to June 23 Ruling at 2-3.

<sup>256</sup> PG&E Opening Comments to June 23 Ruling at 6.

<sup>257</sup> SCE Reply Brief at 34.

<sup>258</sup> SCE Reply Brief at 34.

<sup>259</sup> SCE Reply Brief at 30-31.

<sup>260</sup> SCE Reply Comments to June 23 Ruling at 31.

This decision turns to the question of whether a project sited (as proposed) anywhere in a utility's territory will avoid transmission and distribution costs. The Commission is persuaded by the comments of Cal Advocates. A supporter of the NVBT, Cal Advocates recognizes that the siting of generation facilities away from subscribers makes it unlikely that there are future avoided costs for transmission and distribution. Cal Advocates states that "absent significant modification to the Avoided Cost Calculator or how it is utilized, projects that are not located close to the customers they serve also cannot realize the avoided [transmission and distribution] costs in the Avoided Cost Calculator and should not be able to recoup these avoided costs."<sup>261</sup>

The Commission is not persuaded by CCSA's claims that the NVBT resource "injections" can be or will be determined by CAISO as Excess Behind the Meter Production. Absent project siting requirements, beyond being in the same service territory as the subscribers, the Commission finds it is unable to determine whether a project would avoid any transmission or distribution costs, much less what those avoided costs equal. CCSA contends that such siting requirements make the NVBT project finances unworkable, although CCSA alleges that most resources would be located in urban areas.<sup>262</sup> Without the certainty that the NVBT resources would be located close to subscribers, the Commission finds that the avoided costs of transmission and distribution cannot be confirmed.

In comments on the proposed decision, both CCSA and TURN state that the Avoided Cost Calculator uses generic, system-wide avoided transmission

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<sup>261</sup> Cal Advocates Opening Comments to June 23 Ruling at 19.

<sup>262</sup> Ex. CCSA-04 at 24 and CCSA Reply Brief at 26.



and distribution cost values that are neither tied to specific projects nor linked to exports on any particular distribution circuit.<sup>263</sup> TURN contends that because the Avoided Cost Calculator uses generic values, there is no rational basis to find that exports from a rooftop or virtual net metering project produce transmission and distribution avoided cost benefits but an NVBT project exporting the electricity to the distribution system during the same hours does not. CCSA asserts that it is unreasonable and inequitable to deny NVBT facilities the same benefits that other distributed energy resources have received.<sup>264</sup>

Both CCSA and TURN are correct that the Avoided Cost Calculator uses generic, system-wide values for avoided transmission and distribution. However, TURN's contention that there is no rational basis for distinguishing between the avoided costs of smaller solar generators located close to load and larger in-front-of-meter distribution-connected solar generators that are not co-located with load is erroneous and inconsistent with the Commission's prior guidance on the use of the Avoided Cost Calculator.

As PG&E noted in comments on the June 23 Ruling, when determining which avoided costs to include in the Avoided Cost Calculator, the Commission does not attempt to evaluate whether any particular technology, measure, or installation provides transmission and/or distribution avoided cost savings. Rather, those determinations are made in specific proceedings, such as this one, in which the avoided costs are applied. The values developed for the Avoided

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<sup>263</sup> CCSA Opening Comments to Proposed Decision at 10 and TURN Opening Comments to Proposed Decision at 9.

<sup>264</sup> CCSA Opening Comments to Proposed Decision at 10.

Cost Calculator represent the value provided IF the peak loading reductions can be obtained in the right amount, right location, and with the right durability.<sup>265</sup>

The key question in this proceeding, then, is not the method used to determine the avoided cost values in the Avoided Cost Calculator. It is whether or not the NVBT actually avoids costs that ratepayers would otherwise bear, which is necessary for the Commission to reasonably apply the values in the Avoided Cost Calculator.

Based on an extensive record, this decision finds that NVBT resource would not reliably avoid costs that ratepayers would otherwise bear for generation capacity, distribution, and transmission. Those findings determine the (un)reasonableness of applying Avoided Cost Calculator values, not the method by which Avoided Cost Calculator values are estimated. As such, TURN's contention that the Avoided Cost Calculator's use of a generic method of determining avoided transmission and distribution costs means there is no rational basis to distinguish between NVBT resources and other distributed energy resources is inaccurate. Further, CCSA's assertions of unreasonable and inequitable treatment are unfounded.

Turning to avoided capacity costs, the Commission finds that without the ability of Utilities and CCAs to claim Resource Adequacy credits, proposed NVBT projects could not avoid generation capacity costs. TURN, a supporter of the NVBT proposal, cautions the Commission on the potential impact on Resource Adequacy obligations. In addition, the Commission is also concerned that the lack of a deliverability study, required in the Resource Adequacy

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<sup>265</sup> PG&E Opening Comments to June 23 Ruling at 5, fn 5 citing to 2022 ACC Documentation version 1b.

process, could lead to the need for transmission upgrades that could result in higher costs for all ratepayers.

The Commission finds that the NVBT resources do not avoid transmission, distribution, and capacity cost categories in the Avoided Cost Calculator. Thus, requiring ratepayers to pay for NVBT resources using the Avoided Cost Calculator would result in ratepayers paying “in excess of the avoided costs” of the NVBT resources, which is prohibited by Pub. Util. Code Section 769.3(c)(3).

This decision addresses several additional arguments related to the use of the Avoided Cost Calculator to establish compensation values for generation from NVBT resources.

CCSA’s proposal for the NVBT provides that because the generator account is a customer account of the relevant load serving entity, the resource is behind-the-meter, as this is the practice in New York, Maine, and Massachusetts.<sup>266</sup> SEIA states that the proposed NVBT would require generator resources to be interconnected, via Electric Rule 21, to the distribution system.<sup>267</sup> SEIA also agrees with CCSA that the NVBT resources are behind-the-meter because the generator account associated with the resource is a customer account of the relevant load serving entity.<sup>268</sup>

Joint CCAs submit that it is their understanding that in California, resources that are interconnected to the distribution system are considered

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<sup>266</sup> Ex. CCSA-07 at 11.

<sup>267</sup> The Electric Rule 21 tariff describes the interconnection, operating, and metering requirements for certain generating and storage facilities seeking to connect to the electric distribution system. Electric Rule 21 provides customers access to the electric grid to install generating or storage facilities while protecting the safety and reliability of the distribution and transmission systems at the local and system levels. (D.19-03-013 at 4 citing the *Order Instituting Rulemaking 17-07-007* at 2.)

<sup>268</sup> SEIA Opening Brief at 44.

front-of-the-meter resources. Joint CCAs maintain there is insufficient detail to support the argument that the generator account is behind-the-meter.<sup>269</sup> Further, Joint CCAs assert that simply calling a NVBT resource a distributed energy resource does not make it so. Joint CCAs offer that the point of interconnection to the utility grid should determine whether the NVBT resources are front-of-the-meter or behind-the-meter resources.<sup>270</sup>

CCSA argues that NVBT resources are behind-the-meter in a manner similar to existing distributed energy resources programs such as the Renewable Energy Self-Generation Bill Credit Transfer (RES-BCT) program, the Net Energy Metering Aggregation (NEMA) subtariff, and the VNEM tariff, all of which “allow for the interconnection of distributed energy resources behind a meter that does not have load beyond that of the generator and the exports are treated as if they were behind a meter with non-project load.”<sup>271</sup> Additionally, CCSA submits that even if found to be front-of-the-meter resources, NVBT resources should still be able to use the Avoided Cost Calculator for compensation for generation to the grid because these resources are distributed energy resources that are connected to the distribution system, as defined by the Commission’s Distributed Energy Resources Action Plan.<sup>272</sup> Also pointing to the RES-BCT tariff, NEMA subtariff, and VNEM tariff, SEIA contends these programs have been implemented by the Commission in a manner that eschews the distinction

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<sup>269</sup> Joint CCAs Reply Brief at 25.

<sup>270</sup> Joint CCAs Reply Brief at 25-26.

<sup>271</sup> CCSA Opening Comments to June 23 Ruling at 35-36.

<sup>272</sup> CCSA Opening Comments to June 23 Ruling at 36-37 citing to *California Public Utilities Commission Distributed Energy Resources Action Plan Aligning Vision and Action* (April 2021) at 23.

between front-of-the-meter and behind-the-meter categorization and further asserts that they function in the same manner as proposed for the NVBT.<sup>273</sup>

The typical VNEM tariff configuration (which is generally a multitenant property) contains an on-site sized-to-customer-loads behind-the-meter generating facility that feeds directly to the grid through its own meter, with each individual tenant having a separate meter measuring that tenant's usage. The NEMA configuration contains a behind-the-meter sized-to-customer-load generating facility that feeds excess electricity directly to the grid, with each contiguous property having a meter measuring the usage of the property.

The RES-BCT tariff<sup>274</sup> is open exclusively to local and tribal governments, as defined by the statute, and has a 250-megawatt statewide limit.<sup>275</sup> Generation sized at no more than five-megawatt facilities and sized to offset all or part of the electrical load of the generating account and benefiting account(s) is compensated in the form of bill credits calculated based upon the time-of-use electricity generation component of the electricity usage charge of the generating account, multiplied by the quantities of electricity generated by an eligible

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<sup>273</sup> SEIA Opening Comments to June 23 Ruling at 17-21.

<sup>274</sup> Pub. Util. Code Section 2830 created the RES-BCT tariff; Resolution E-4243 implemented the tariff.

<sup>275</sup> As defined in Pub. Util. Code Section 2830(a)(6), local governments means a city, county, whether general law or chartered, city and county, special district, school district, political subdivision, other local public agency, or a joint powers authority formed pursuant to the Joint Exercise of Powers Act (Chapter 5 (commencing with Section 6500) of Division 7 of Title 1 of the Government Code) that has as members public agencies located within the same county and same electrical corporation service territory, but shall not mean the state, any agency or department of the state, other than an individual campus of the University of California or the California State University, or any joint powers authority that has as members public agencies located in different counties or different electrical corporation service territories, or that has as a member the federal government, any federal department or agency, this or another state, or any department or agency of this state or another state.

renewable generating facility that are exported to the grid during the corresponding time period.

While the three existing tariffs/subtariff, highlighted by SEIA and CCSA, and the NVBT use generating accounts and benefiting accounts, the Commission does not consider the NVBT to be functionally the same. For example, in the NEMA subtariff, and VNEM and RES-BCT tariffs, the generator is sized to fit the load, which is based on historical usage. In the NVBT, it is the other way around — the customer subscriptions (*i.e.*, portion of the project size) are sized to fit the production of the generator.<sup>276</sup> For both the VNEM and NEMA tariffs, the generating facility is located on-site, or on a contiguous property; whereas, with the NVBT, the generating facility will be located anywhere within a utility's service territory. While the RES-BCT provides more flexibility to the location of the generating facility, there remains a proximate connection between the location of the generating facility and the benefiting account locations.<sup>277</sup> The Commission does not see the same proximate connection in the NVBT proposal, which only limits the location of the generating facility to the utilities' service territory. As such, the Commission does not consider the NVBT proposal to be functionally the same as the VNEM, NEMA, and RES-BCT tariffs in that the NVBT proposal does not similarly avoid transmission and distribution costs.

This decision turns to the arguments asserting the NVBT generating facilities are front-of-the-meter resources. There should be no argument surrounding this. Factually, front-of-the-meter resources are in front of a

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<sup>276</sup> Ex. CCSA-01 at 38.

<sup>277</sup> Additionally, for REC-BCT, as well as NEMA, the host customer and the benefiting account holder is the same entity.

customer's meter. Behind-the-meter resources are behind a customer's meter and will address on-site load, if any, and then feed back into the grid.

Relatedly, the Commission disagrees with SEIA that the proximity of the resource in relationship to the customer meter does not matter. If a resource is behind the meter then the resource will offset any load from the customer before producing energy to the distribution grid. If the resource is in front of the meter, a customer's load may not be offset. Instead, the energy will be sent directly to the distribution grid. The location of the resource and its proximity to customers will determine what happens to the produced energy.

#### **3.4.4.2.2. The Net Value Billing Tariff Proposal Creates a Cost Shift**

Turning to the matter of a potential cost shift, parties were asked to perform a cost-benefit analysis of their proposals. CCSA presented an updated analysis including results of the three Standard Practice Manual<sup>278</sup> Tests: the Total Resource Cost (TRC) test,<sup>279</sup> the Participant Cost Test (PCT),<sup>280</sup> and the Ratepayer Impact Measure (RIM) test.<sup>281</sup> In D.22-12-056, the Commission found that the "RIM test is useful for examining whether disproportionate impacts

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<sup>278</sup> The California Standard Practice Manual: Economic Analysis of Demand-Side Programs and Projects, California Public Utilities Commission (October 2001) (Standard Practice Manual), available at: [cpuc-standard-practice-manual.pdf](#). The Standard Practice Manual provides guidelines for measuring the cost-effectiveness of utility-sponsored programs and consists of the application of a series of tests representing a variety of perspectives: participants, nonparticipants, all ratepayers, society, and the utility.

<sup>279</sup> The TRC measures the net costs of a demand-side management program as a resource option based on the total costs of the program, including both the participants' and the utility's costs. (Standard Practice Manual at 18.)

<sup>280</sup> The PCT is the measure of the quantifiable benefits and costs to the customer due to participation in a program. (Standard Practice Manual at 8.)

<sup>281</sup> The RIM test measures what happens to customer bills or rates due to changes in utility revenues and operating costs caused by a program. The Rim test has been described as the Non-Participant Test. (Standard Practice Manual at 13.)

occur on non-participants, as part of complying with the statute's requirements to ensure benefits approximately equal costs to all customers; such an examination cannot be conducted with the TRC test." AB 2316 and Pub. Util. Code Section 769.3 requires that the community renewable energy program, if established, minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs. Accordingly, in general, it is reasonable for the Commission to rely on the RIM tests to determine the impacts of a resource on nonparticipating customers.

Table 4 presents CCSA's generated RIM test results for its NVBT proposal. CCSA underscores that this analysis was performed under several caveats, as follows. CCSA analyzed a five-megawatt ground mounted project, included the utilities' "highest preliminary cost estimates for billing upgrades and program administration" but excluded the costs of utility billing and program administration because these costs are borne by the projects.<sup>282</sup>

**Table 4**

<b>CCSA-Generated RIM Test Results of Its NVBT Proposal</b>			
<b>(Utility, Term, ITC %)</b>			<b>CCSA Results<sup>283</sup></b>
PG&E	20yr	30% ITC	0.92
PG&E	25yr	30% ITC	0.91
SCE	20yr	30% ITC	0.81
SCE	25yr	30% ITC	0.81
SDG&E	20yr	30% ITC	0.85
SDG&E	25yr	30% ITC	0.85

<sup>282</sup> CCSA Opening Comments to June 23 Ruling at 7. (*See also* Ex. CCSA-008 at 6.)

<sup>283</sup> CCSA Opening Comments to June 23 Ruling at 9, Table 1.



<b>CCSA-Generated RIM Test Results of Its NVBT Proposal</b>			
<b>(Utility, Term, ITC %)</b>			<b>CCSA Results<sup>283</sup></b>
PG&E	20yr	50% ITC	0.92
PG&E	25yr	50% ITC	0.91
SCE	20yr	50% ITC	0.81
SCE	25yr	50% ITC	0.81
SDG&E	20yr	50% ITC	0.85
SDG&E	25yr	50% ITC	0.85

Responding to CCSA's analysis, Joint CCAs and PG&E assert that neither the RIM test nor any of the other Standard Practice Manual tests should be applied to the NVBT because compensating NVBT resources for transmission and distribution benefits would not be appropriate.<sup>284</sup> This decision has already determined that NVBT resources will not reduce transmission and distribution costs, nor will they avoid generation capacity costs. Accordingly, the Commission agrees that the Avoided Cost Calculator and, therefore, the RIM test results (which are based on outputs of the Avoided Cost Calculator) should not be relied upon to determine the impact of the NVBT proposal on nonparticipating customers.

This decision turns to the question of an alternate method to analyze and determine whether the NVBT has an impact on nonparticipating customers.

PG&E cautions that the Commission must understand the actual value of generation for the NVBT resources and proposes a comparison with a CAISO qualified facility. PG&E presents a comparison of the proposed NVBT compensation for a ground mount solar facility (in PG&E's service territory) with

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<sup>284</sup> See Joint CCAs Reply Comments to June 23 Ruling at 12-13, PG&E Reply Comments to June 23 Ruling at 2-4.

the compensation using PURPA pricing for a qualified facility of the same size. PG&E uses short-run avoided energy costs (from April 2023) of \$69.83/megawatt-hour to estimate the energy value of the solar system output and a 2023 as-delivered capacity price at peak of \$65.381/megawatt-hour, escalated at two percent per year.<sup>285</sup> PG&E's analysis purports a revenue stream of \$25.8 million over 25 years for the PURPA qualifying facility and an NVBT compensation of \$63.2 million over the same time period. PG&E contends this results in a cost shift of \$37.4 million for one five-megawatt project.<sup>286</sup> Using CCSA's estimate that one gigawatt of NVBT projects could be deployed during the first two years of the program, PG&E further contends that the cost shift of 200 five-megawatt NVBT projects across all three utilities' service territories over CCSA's proposed 25-year project life could result in a cost shift of \$8.1 billion dollars. Appendix A of this decision provides PG&E's analysis. PG&E highlights that these results are for projects built in years 2025 and 2026.

CCSA argues that the PG&E analysis should be disregarded because the comparison with wholesale resources is inappropriate. CCSA states that "wholesale procurement serve all customers, do not provide the same transmission and distribution benefits as distributed energy resources, and do not provide benefits to program participants."<sup>287</sup> CCSA cautions the Commission that such a comparison "is directly at odds with how the Commission has historically evaluated distributed energy resources."<sup>288</sup>

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<sup>285</sup> Ex. PG&E-04 at 5-6.

<sup>286</sup> Ex. PGE-04 at 6. (*See also* Ex. PG&E-04 at Figure 1.)

<sup>287</sup> CCSA Reply Comments to June 23 Ruling at 14.

<sup>288</sup> CCSA Reply Comments to June 23 Ruling at 14.

The Commission agrees that comparing wholesale procured resources with the proposed NVBT resources is not how the Commission has historically evaluated distributed energy resources. But, as this decision has already determined that the NVBT resources will not provide all the avoided costs in the Avoided Cost Calculator, the Commission should not rely on it to provide an accurate analysis of these resources' cost-effectiveness and, equally important, the impact of these resources on nonparticipating ratepayers. The Commission finds that the NVBT proposal would result in ratepayers compensating customers for avoided costs that are not truly avoided, which would result in a cost shift.

Accordingly, the Commission finds that the NVBT does not meet the requirement of Pub. Util. Code Section 769.3 in that that the NVBT would not prevent "the program's costs from being paid by nonparticipating customers in excess of avoided costs."

**3.4.4.3. Assembly Bill 2316 and  
Public Utilities Code Section 769.3  
Do Not Require Use of the  
Avoided Cost Calculator**

This decision addresses parties' dispute over whether AB 2316 and Pub. Util. Code Section 769.3 allow the Commission to use any method other than the Commission's Avoided Cost Calculator to determine the avoided costs of a community renewable energy program.

Focusing solely on the plain language in AB 2316 and the associated statute, nowhere does the legislation specifically use the term "Avoided Cost Calculator." The plain language of the legislation and statute only uses the term "avoided costs" and only uses this term in two instances.

The first use of the term appears in Pub. Util. Code Section 769.3(c)(3), which states the Commission is required to ensure that the community renewable energy program, if established, shall “[m]inimize impacts to nonparticipating customers by prohibiting the program’s costs from being paid by nonparticipating customers in excess of the avoided costs.” This requirement relates to the intention of the Legislature to ensure that if a community renewable energy program is created, Californians “realize the benefits of distributed generation through a cost-effective program that provides benefits to all ratepayers.” Furthermore, the Legislature also “intends to facilitate community renewable energy options that can help the state cost effectively meet the energy efficiency mandates in the California Building Standards Code.”

TURN argues that this language refers to the Avoided Cost Calculator, stating that this is “a fact that is confirmed by a review of the Committee Analysis of the bill.”<sup>289</sup> The Commission underscores that analysis of a bill is not law. Moreover, a review of the referenced analysis indicates that the language of the signed bill may be different from the language of the bill at the time of the analysis, as the analysis includes fewer than the final six requirements of the community renewable energy program: “a) be complementary to, and consistent with, the requirements of the California Building Standards Code (Title 24 requirements for community solar); b) ensure at least 51 percent of its capacity serves low-income customers; c) prohibit its costs from being paid by nonparticipating customers; d) require that the construction of its community renewable energy facilities comply with specified prevailing wage requirements;

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<sup>289</sup> TURN Reply Comments to November 6 Ruling at 1 citing Senate Floor Analysis of AB 2316, August 26, 2022.

and e) provide bill credits to subscribers.”<sup>290</sup> Further, while the analysis references the Avoided Cost Calculator as background, as pointed out by Joint CCAs,<sup>291</sup> the analysis itself never states that the Commission is required to use the Avoided Cost Calculator or required to measure the avoided cost. Joint CCAs state that the legislative and statutory language requires the use of avoided costs “as determined by the [C]ommission’s methods.”<sup>292</sup> Joint CCAs submit “[t]his implies that the Legislature entrusted the Commission to determine the most appropriate methods for calculating avoided costs as appropriate.”<sup>293</sup> A reasonable interpretation of the term avoided costs in Pub. Util. Code Section 769.3 could refer to either the PURPA avoided costs or the avoided costs in the Avoided Cost Calculator.

The second appearance of the term avoided costs is in Pub. Util. Code Section 769.3(c)(5) and states that the Commission is required to ensure that the community renewable energy program, if established, shall “[p]rovide bill credits to subscribers based on the **avoided costs** of the program’s facilities, as determined by the commission’s methods for calculating the full set of benefits of distributed energy resources. The commission may use actual wholesale market prices for the energy supply portion of an avoided cost calculation or credit value.” Here again, there is no specific requirement to use the Avoided Cost Calculator or any other specific method. The only requirement is to use a Commission method of calculating the avoided cost. SEIA asserts that the Commission cannot use the PURPA avoided costs to value the resources in a

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<sup>290</sup> Senate Floor Analysis of AB 2316, August 26, 2022 at 3.

<sup>291</sup> Joint CCAs Reply Comments to November 6 Ruling at 5.

<sup>292</sup> Joint CCAs Reply Comments to November 6 Ruling at 5.

<sup>293</sup> Joint CCAs Reply Comments to November 6 Ruling at 5.

new community energy renewable program as the Commission must use its “methods for calculating the full set of benefits of distributed energy resources.”<sup>294</sup> As previously stated in Section 3.4.3.2 above, FERC has issued guidance on how to calculate avoided cost, but states implementing PURPA-compliant programs have discretion to determine how avoided cost is calculated. This would equate to the “[C]ommission’s methods” for calculating avoided costs. Accordingly, the Commission concludes that neither AB 2316 nor Pub. Util. Code Section 769.3 require the use of the Avoided Cost Calculator or any other specific method.

#### **3.4.5. Consistency with Federal Law**

Parties to this proceeding dispute whether the proposed NVBT was inconsistent with and preempted by the Federal Power Act (FPA) and PURPA. The FPA vests the Federal Energy Regulatory Commission (FERC) with exclusive jurisdiction over the sale of electric energy at wholesale in interstate commerce. The FPA obligates FERC to oversee all prices for those interstate transactions and all rules and practices affecting such prices.<sup>295</sup> Broadly speaking, however, FERC does not and may not regulate within-state wholesale sales or retail sales of electricity, meaning sales directly to users.<sup>296</sup>

PURPA creates an exception to FERC’s authority over wholesale rates and permits states to set wholesale rates in accordance with PURPA requirements. PURPA creates a “must take” obligation on utilities to purchase electricity and capacity from “qualifying facilities” (which includes renewable energy and

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<sup>294</sup> SEIA Reply Comments to November 6 Ruling at 5.

<sup>295</sup> *F.E.R.C. v. Electric Power Supply Ass’n*, 577 U.S. 260, 266 (2016).

<sup>296</sup> *Id.* at 267.

generators and cogeneration facilities below a certain size threshold)<sup>297</sup> at their “avoided cost,” or the price the utility would have paid to someone else for that energy generation and/or capacity.<sup>298</sup>

Congress also requires states to consider implementing net metering (also called net energy metering) but does not require such implementation.<sup>299</sup> Specifically, a state may decide the terms of the retail sale and billing practices applicable to retail transactions if a state chooses to implement a net metering program where generation offsets customer load.<sup>300</sup> Federal jurisdiction does not extend to situations where a net metering customer remains a net consumer of power during the netting period. Rather, FERC has held that its jurisdiction over net metering is potentially triggered “when a facility operating under a state net metering program produces more power than it consumes over the relevant netting period.”<sup>301</sup>

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<sup>297</sup> A qualifying facility meets the criteria under subpart B starting with Section 292.201 of 18 C.F.R. Section 292.101.

<sup>298</sup> PURPA requires a qualifying facility to be paid “the cost to the electric utility of the electric energy which, but for the purchase from such cogenerator or small power producer, such utility would generate or purchase from another source.” (16 U.S.C. § 824a-3(b), (d); 18 C.F.R. § 292.101(b)(6) (such prices are known as the utility’s avoided cost).)

<sup>299</sup> 16 U.S.C. § 2621(d)(11).

<sup>300</sup> See *MidAmerican Energy Co.*, 94 F.E.R.C. ¶ 61,340, 62,263 (2001); *S. Cal. Edison Co. v. FERC*, 604 F.3d 996, 1002 (D.C. Cir. 2010) (“In implementing PURPA, the [FERC] similarly recognized that net billing arrangements like those at issue here would be appropriate, in some situations, and left the decision of when to do so.”); and *Sun Edison LLC*, 129 F.E.R.C. ¶ 61,146, P 17 quoting FERC Order No. 2003-A.

<sup>301</sup> *Electric Storage Participation in Markets Operated by Regional Transmission Organizations and Independent System Operators*, Opinion No. 841, 162 F.E.R.C. ¶ 61,127 at n.49 (2018) citing *MidAmerican Energy Co.*, 94 F.E.R.C. ¶ 61,340, 62,263 (2001). (See also *Sun Edison LLC*, 129 F.E.R.C. ¶ 61,146, 61,620 (2009) (explaining that a net sale only occurred where the “end-use customer participating in the net metering program produces more energy than it needs over the applicable billing period.”) citing *Standardization of Generator Interconnection Agreements and Procedures*, Order No. 2003-A, 106 F.E.R.C. ¶ 61,220 at 744 (2004).)

SCE and PG&E argue that the proposed NVBT conflicts with federal law. SCE asserts that a community renewable energy program that “requires a utility to take title to electricity produced by a third party and then resell it to retail customer” results in a wholesale sale that is subject to PURPA.<sup>302</sup> PG&E responds that the NVBT proposal would provide compensation to customers in the form of bill credits, calculated based on the Commission’s Avoided Cost Calculator, which was adopted by the Commission in D.22-12-056 as the basis for compensation under net energy metering/net billing, and which was originally created as an evaluation tool for measuring the cost effectiveness of energy efficiency programs.<sup>303</sup> SCE and PG&E both point out that “avoided cost” means something different in the context of the Avoided Cost Calculator than it does under PURPA and that avoided cost as calculated using the Commission’s Avoided Cost Calculator does not comply with PURPA.<sup>304</sup>

SCE and PG&E further argue that the NBVT proposal does not equate to net energy metering. SCE maintains that the NBVT proposal involves front-of-the-meter resources, unlike net energy metering where generation is behind-the-meter and serves load on-site. PG&E claims that “the exports from a NVBT project are better likened to a net metered customer’s exports that exceed on-site consumption over the netting period... and over which FERC asserts

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<sup>302</sup> SCE Opening Brief at 8.

<sup>303</sup> PG&E Reply Brief at 13-14, citing Ex. CCSA-01 at 45, lines 20-46, line 8.

<sup>304</sup> “The avoided costs determined in the Avoided Cost Calculator should not be confused with the term ‘avoided cost’ used in federal law, where avoided cost is the cost of energy or capacity to a purchasing utility of the next increment of that wholesale energy or capacity.” (SCE Reply Brief at footnote (fn.) 20, citing D.22-12-056 at 59-60; *see also* PG&E Reply Comments to November 6 Ruling at 14 (“Use of the Commission’s approved Avoided Cost Calculator to value exports from NVBT participating projects is not comparable to rooftop solar net billing projects; rather, exports from NVBT projects implicate federal law.”).)



jurisdiction.”<sup>305</sup> PG&E contends that FERC considers net energy metering to involve a generator that supplies energy to on-site load and exports energy to the grid, and that energy is netted over a reasonable time period.<sup>306</sup>

In response to these contentions, TURN argues that the NVBT does not conflict with PURPA, stating that “FERC had repeatedly held that net metering and net billing tariffs between a retail customer and its utility are not within its jurisdiction and not subject to the requirements of PURPA.”<sup>307</sup> TURN highlights that “[t]o date, there is no instance of FERC asserting jurisdiction over, or ordering changes to, a virtual net metering tariff or community renewable energy program approved pursuant to state law.”<sup>308</sup> CCSA and TURN both assert that 22 states and the District of Columbia currently operate community solar programs similar to the proposed NVBT, none of which have been found to implicate federal jurisdiction or PURPA.<sup>309</sup> SEIA asserts that the NBVT does not result in wholesale sales of electricity as it is the same structure as California’s existing virtual net metering programs, and that even if it did, the Commission has discretion to determine the appropriate avoided costs for such a transaction.<sup>310</sup> In comments to the proposed decision, multiple parties, including

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<sup>305</sup> PG&E Reply Brief at 16.

<sup>306</sup> PG&E Reply Brief at 15 citing *PJM Interconnection, L.L.C. New York State Elec. & Gas Corp. Dunkirk Power, LLC, Huntley Power, LLC, & Oswego Harbor, LLC* (2001) 94 F.E.R.C. ¶ 61,251, 61,891; *MidAmerican Energy Co.*, 94 F.E.R.C. ¶ 61,340, 62,263 (2001).

<sup>307</sup> TURN Reply Brief at 18-19 citing *Cal. Indep. Sys. Operator Corp.*, 94 F.E.R.C. ¶ 61,266 (2001) at 6; *MidAmerican Energy Co.*, 94 F.E.R.C. ¶ 61,340 (2001) at 5-6; and *SunEdison*, 129 F.E.R.C. ¶ 61,146, ¶ 18.

<sup>308</sup> TURN Reply Brief at 19.

<sup>309</sup> CCSA Opening Brief at 32 and TURN Reply Brief at 19.

<sup>310</sup> SEIA Reply Brief at 5-7.

CCSA, SEIA, TURN, CBD, CEJA, NRDC, and the Clean Coalition, made further arguments as to why the NVBT does not conflict with federal law.

For the reasons described in Section 3.4.2 above, the Commission finds the NVBT proposal does not comply with the requirements of State law. Consequently, the Commission finds it unnecessary to reach questions of preemption under the FPA and PURPA as they pertain to the proposed NVBT.

#### **3.4.6. Adoption of a Community Renewable Energy Program**

While the Commission finds the NVBT proposal in the record of this proceeding does not meet the requirements of AB 2316 and Pub. Util. Code Section 769.3, the record indicates strong support for the adoption of a new community renewable energy program from a diverse array of entities including CCSA (the proponent of the NVBT); Cal Advocates; CEJA, *et al.*; CUE; SBUA; SEIA; and TURN. As discussed below, the Commission determines that a community renewable energy program that bases compensation on existing standard supply-side and contract mechanism can meet the requirements of Pub. Util. Code Section 769.3. The Commission, therefore, finds it reasonable to layer a customer subscription model and a non-ratepayer-funded adder onto one of several identified and existing standard supply-side tariffs and contract mechanisms. Following a discussion of the Commission's deliberations and a description of the adopted community renewable energy program, this decision describes how this alternative community renewable energy tariff meets the six requirements of Pub. Util. Code Section 769.3.

#### **3.4.6.1. It Is Reasonable to Adopt a Public Utility Regulatory Policies Act Compliant Feed-In Tariff**

As previously described in Section 3.4.2.4 above, SCE proposes the creation of a new feed-in tariff that sets an avoided cost based on the actual costs the generation resource avoids and includes a customer subscription framework, which SCE calls the Simplified Shared Savings Model, to implement the subscriber's bill credit. PG&E recommends that SCE's proposal rely on the existing PURPA program and contracts, contending that this would reduce the administrative complexity of creating a new feed-in-tariff while ensuring payments do not diverge from similar classes of resources.<sup>311</sup>

In response to the SCE proposal, CCSA argues that the proposal raises significant due process concerns, contending "that it is out of scope and the docket is at an extremely late stage."<sup>312</sup> The Commission disagrees. The Commission twice set aside submission of the record of this proceeding because of concerns with the NVBT regarding cost effectiveness and reliability matters. SCE simply is offering an alternative to the NVBT to address these specific concerns. As to the assertion that SCE's proposal raises due process concerns, here again, the Commission disagrees. All parties have been provided with an opportunity to dispute SCE's proposal and, indeed, CCSA as well as other parties offer arguments in opposition to the SCE proposal, as discussed below. Hence, the Commission finds that the SCE proposal is neither out of scope nor does it violate other parties' due process rights.

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<sup>311</sup> PG&E Reply Comments to November 6 Ruling at 12.

<sup>312</sup> CCSA Reply Comments to November 6 Ruling at 27-28.

As to CCSA's arguments opposing the SCE proposal on technical grounds, the Commission agrees with CCSA that SCE provides no analysis that the SCE alternative proposal would comply with the Title 24 requirement (Pub. Util. Code Section 769.3(c)(1)) or the eligibility for enhanced federal ITC (Pub. Util. Code Section 769.3(c)(6)).<sup>313</sup> The Commission notes, however, that ultimately the Energy Commission will decide whether a proposal would comply with Title 24 requirements. Further, Pub. Util. Code Section 769.3(c)(1) directs that "[f]or purposes of this paragraph, the Commission shall consult with the Energy Commission." Pub. Util. Code Section 769.3(c)(1) requires that the community renewable energy program must be **complementary to and consistent** with the requirements of Section 10-115 of the California Building Standards Code, *i.e.*, Title 24 of the California Code of Regulations. As noted by other parties in this proceeding, "homebuilders ultimately have the obligation of ensuring the buildings they build are compliant with the building code whether through traditional compliance options or via acting as, or relying on, [community renewable energy program] administrators operating projects and managing compliance on their behalf."<sup>314</sup> There is nothing in the record of this proceeding that leads the Commission to determine this would not be the case with the community renewable energy program adopted herein.

Continuing with CCSA's technical objections to the SCE proposal, the Commission disagrees that SCE has neglected to present evidence on cost containment (Pub. Util. Code § 769.3(c)(3)) and basing bill credits on avoided cost (Pub. Util. Code § 769.3(c)(5)). SCE's entire reasoning for presenting its proposal

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<sup>313</sup> CCSA Reply Comments to November 6 Ruling at 28.

<sup>314</sup> CCSA Opening Brief at 28 describing how the NVBT meets this requirement.

is that the PURPA avoided cost (which is what is proposed for the power purchase agreement price) is less than the Avoided Cost Calculator avoided cost.<sup>315</sup> SCE contends that using the Avoided Cost Calculator values would result in a non-energy payment that is approximately six times the capacity payment a similarly situated resource would receive under PURPA.”<sup>316</sup>

With respect to the requirement of Pub. Util. Code Section 769.3(c)(5), SCE states that the subscribing customer’s share of the generation resource’s compensation would be set aside in a balancing account and distributed through a flat \$/kWh credit that can be trued-up annually based on facility performance and credits distributed.<sup>317</sup> Although the customer’s share is proposed to be a flat \$/kWh credit for administrative ease, that credit is deducted from compensation to the generation resource, which is calculated **based on the avoided costs** of the program’s facilities, as determined by the Commission’s methods for calculating the full set of benefits of distributed energy resources. In the case of SCE’s proposal, the avoided costs are the wholesale avoided costs as determined by the Commission’s method. This decision has previously determined that Pub. Util. Code Section 769.3 does not specify the manner by which the Commission shall determine avoided cost, *i.e.*, the statute does not require the Commission to use the avoided costs values as determined in the Commission’s Avoided Cost Calculator. Consequently, the Commission finds that SCE has provided sufficient evidence of how its proposal complies with Pub. Util. Code Section 769.3(c)(3) and subdivision (5).

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<sup>315</sup> SCE Opening Comments to November 6 Ruling at 20-21.

<sup>316</sup> SCE Opening Comments to November 6 Ruling at 21.

<sup>317</sup> SCE Opening Comments to November 6 Ruling at 23.

SEIA and Clean Coalition also oppose the adoption of the SCE feed-in-tariff contending SCE's proposal is not commercially viable. Referring to ReMAT and Standard Offer Contracts for qualifying facilities, SEIA assert these PURPA based programs have not been successful and have seen little to no uptake.<sup>318</sup> SEIA maintains that if the pricing terms for those programs do not allow a developer to recover the capital and operating costs of small-scale solar-only projects, "they cannot be a viable alternative to a community solar program which has to support a decent level of savings for low-income customers and other subscribers."<sup>319</sup> Clean Coalition states that "from a practical standpoint the proposal with a size limit of three megawatts will not be appetizing for developers, nor will it enable the state to achieve the procurement targets."<sup>320</sup>

With respect to Clean Coalition's assertion about the ability to meet procurement targets, the Commission has reviewed the language of Pub. Util. Code Section 769.3 and concludes that the statute does not require the community renewable energy program to attain any specific procurement target. However, as evidenced by the evaluation results of the Green Access Program tariffs, community solar tariffs have had limited success according to certain criteria. The limited past success was one of the reasons for requiring an evaluation of the Green Access Program tariffs and the subsequent required applications for review filed as the basis of this proceeding. SCE states that the company "acknowledges that generator compensation under PURPA may not be sufficient to allocate a portion to fund a bill credit for subscribing customers" and

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<sup>318</sup> SEIA Reply Comments to November 6 Ruling at 5.

<sup>319</sup> SEIA Reply Comments to November 6 Ruling at 5-6.

<sup>320</sup> Clean Coalition Reply Comments to November 6 Ruling at 6.

suggests “the Commission can use other funding sources, such as revenue generated by the sale of [g]reenhouse [g]as allowances.”<sup>321</sup>

Pub. Util. Code Section 769.3 requires the Commission to determine, by March 31, 2024, whether it is beneficial to adopt a community renewable energy program. As concluded above, the NVBT proposal in the record of this proceeding would result in ratepayers paying more than true avoided costs;. The other option in the record of this proceeding is the SCE proposal. However, rather than create a new, untested tariff, this Commission finds it reasonable to adopt a community renewable energy program that uses current tariffs (ReMAT and the PURPA Standard Offer Contract) as a foundation.

Briefly, the ReMAT program allows RPS-eligible facilities of three megawatts or less to sell their energy to the interconnected utility. The developer is required to sign a power purchase agreement with the utility and the generator resource is required to integrate into the CAISO market. Pursuant to D.20-10-005, ReMAT compensation pricing is administratively set for three ReMAT product categories (on-peak, off-peak and baseload) with a time-of-delivery adjustment, based on the weighted average of recently executed long-term RPS contracts of 20 MW or less. ReMAT contracts can be initiated for 10, 15, or 20 years of deliveries. The tariff is capped at 493.6 MW.

The PURPA Standard Offer Contract is available to any qualifying facility or small power production facility of 20 MW or less seeking to sell electricity and/or capacity to a Commission-jurisdictional utility pursuant to PURPA (described in Section 3.4.3.1 above). Like the ReMAT program, a developer is required to sign a power purchase agreement with the utility and the generator

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<sup>321</sup> SCE Opening Comments to November 6 Ruling at 4.

resource is required to integrate into the CAISO market. The Standard Offer Contract allows for a 12-year maximum contract length for new facilities and has two pricing options for capacity and energy, pursuant to D.20-05-006. The Standard Offer Contract has no program cap. Table 5 below provides a comparison of ReMAT and the Standard Offer Contract elements.

**Table 5**  
**Comparison of ReMAT and Standard Offer Contract Elements<sup>322</sup>**

<b>Element</b>	<b>ReMAT</b>	<b>Standard Offer Contract</b>
Market Integration	Developer is required to sign a PPA with a utility, CAISO market-integrated, Energy is treated as supply and bid into CAISO day-ahead and real-time markets. <sup>323</sup>	Developer is required to sign a PPA with a utility, CAISO market-integrated, Energy is treated as supply and bid into CAISO day-ahead and real-time markets.
Avoided Energy	Administratively set annually based on recent wholesale RPS contracts with ≤20 MW facilities.	3-year average of CAISO price.
Avoided Generation Capacity	Payment to seller is included as part of the all-in energy price, if resource provides Resource Adequacy.	Payment to seller is based on five-year historical average escalated by 2.5% and applied on a time-differentiated \$/MWh-basis if resource provides Resource Adequacy.

<sup>322</sup> See SCE Reply Comments to November 6 Ruling at 10-12.

<sup>323</sup> In comments to the proposed decision, Dimension Renewable states that the proposed decision wrongly states that ReMAT requires CAISO market participation. Dimension Renewable also states that ReMAT projects can interconnect under Rule 21. (Dimension Renewable Opening Comments to Proposed Decision at 6.) Dimension Renewable is correct that ReMAT projects may interconnect through Rule 21. However, ReMAT requires CAISO market participation unless the project is less than 0.5 MW. (See Section 6.1 of the ReMAT Power Purchase Agreement that states that the Seller is required to enter into a Participating Generator Agreement with the CAISO if the facility's net capacity is 500 kilowatts or greater or if the CAISO Tariff requires or provides Seller the option to enter into such an agreement.)



Element	ReMAT	Standard Offer Contract
Avoided Future Transmission and Distribution	None; may participate in DDIF <sup>324</sup> solicitations to receive additional value for distribution deferral.	None; may participate in DDIF solicitations to receive additional value for distribution deferral.
Avoided Methane Leakage, GHG Adder and Rebalancing	RECs <sup>325</sup> may be used by the utility towards their RPS requirements.	RECs, if any, may be used by the utility towards their RPS requirements.
Cost	Payment to seller is the all-in energy price.	Payment to seller based on energy price and capacity price.
Contract Length	Includes 10-, 15-, and 20-year options.	Up to 12 years for new resources.
Defined On- and Off-Peak Periods	Time-differentiated pricing allowed.	On-, Mid-, Off-, and Super-Off-peak periods as specified in the SOC.
Guardrails	Project Size: 3 MW or less Program Size: 493.6 MW statewide cap	Project Cap: 20 MW Program Size: uncapped
Subscriber Bill Credit	No existing subscription element.	No existing subscription element.

#### **3.4.6.2. Adopted Elements of the Community Renewable Energy Program**

Below, this decision discusses the elements of the adopted community renewable energy program. Generally, the adopted community renewable energy program will use the current tariffs (ReMAT and the PURPA Standard Offer Contract or any other existing PURPA-compliant wholesale tariffs as identified by Utilities) as a foundation and layer on a subscription model.

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<sup>324</sup> Distribution Deferral Investment Framework.

<sup>325</sup> Renewable Energy Credits.

First, to address the concern that wholesale tariff compensation such as ReMAT and PURPA avoided costs may be insufficient to create and grow interest in community renewable energy program projects, the Commission adopts the use of \$33 million appropriated to the Commission for community energy renewable program usage and storage-backed renewable generation programs.<sup>326</sup> Furthermore, the California Infrastructure and Economic Development Bank, on behalf of California, has applied for grant funding from the Environmental Protection Agency's Solar for All competition.<sup>327</sup>

In addition to taking maximum advantage of federal capital support and tax credits for community solar projects, developers are encouraged to utilize direct lending and credit support to be made available under the U.S. Environmental Protection Agency's National Clean Investment Fund and Clean Communities Investment Accelerator.

Turning to eligibility requirements, in compliance with Pub. Util. Code Section 769.3, each participating project shall have a minimum of 51 percent of subscribers' capacity as ascribed to low-income customer subscribers (as defined in Pub. Util. Code Section 769.3). The remaining portion is not limited, but developers are encouraged to focus on enrolling non-low-income customers who rent or lease their space as these (along with low-income customers) are the customers the Legislature intended to target with AB 2316. To reduce administrative costs and minimize market, education, and outreach costs while

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<sup>326</sup> AB 102, Budget Act of 2023, Section 244 appropriated \$33 million to the Commission with additional requirements.

<sup>327</sup> On April 22, 2024, the Environmental Protection Agency (EPA) announced that California was selected to receive \$249,800.00 in grant funding. The EPA anticipates that awards to the selected applicants will be finalized in the summer of 2024. The Commission anticipates using some portion of these funds to support the community renewable energy program. (*See* <https://www.epa.gov/greenhouse-gas-reduction-fund/solar-all>.)

also reducing barriers to access, low-income subscribers meeting each Utility or CCA's Arrearage Management Program enrollment criteria will be prioritized for automatic enrollment, followed by all other low-income customers (as defined in Pub. Util. Code Section 769.3) who subscribe to the tariff. These low-income customers will be automatically enrolled by their utility or participating CCA but provided an opportunity to opt out of the tariff. The Commission finds this reasonable as it adopted this practice previously in D.20-07-008, the *Decision Implementing Automatic Enrollment of Disadvantaged Communities Green Tariff*. Non-low-income subscribers do not require auto-enrollment by a utility or participating CCA. This decision clarifies that, while AB 2316 and Pub. Util. Code §769.3 focus attention on low-income customers and customers in disadvantaged communities, eligibility for participation in the community renewable energy program includes all customers including small commercial customers.

With respect to bill credits, the Commission finds the SCE proposal to use the simplified Shared Savings Model using balancing accounts to provide a flat monetary credit on subscriber bills is reasonable, as compensation in energy units is not applicable because netting on the account is not being performed. Additionally, PG&E contends that providing a flat monetary credit based on percentage of resource revenue rather than subscriber usage would "avoid the volumetric discount prohibition that prevents [greenhouse gas] auction revenue being used to fund participant bill credits."<sup>328</sup> SCE proposes the credit would be based on a percentage of the contracted compensation. SCE proposes 20 percent for low-income subscribers and 10 percent for non-low-income subscribers. The

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<sup>328</sup> PG&E Reply Comments to November 6 Ruling at 13.

Commission finds that a minimum 20 percent revenue share for low-income subscribers is reasonable and provides protection for subscribers. However, the record of this proceeding does not contain adequate details on a specific percentage credit. A future ruling in this proceeding will allow for additional record development. The Commission also declines to specify a minimum revenue share for non-low-income subscribers as they will not receive a subsidy through external funding.

Utilities would have the role of fiscal agents and apply monetary credits to the generation, *i.e.*, benefiting, and customer, *i.e.*, subscriber, accounts. The Commission finds that it is reasonable to direct Utilities to establish a balancing account to track the subscriber revenue shares and distribute the appropriate shares through the bill credit. Further, changes to the credits based on facility performance and credit distribution can be easily updated through an annual true-up process.<sup>329</sup>

In comments to the proposed decision, several parties express concern over the viability of the community renewable energy program. In its proposed modifications to the NVBT, Cal Advocates proposed an evaluation in combination with a sunset date that occurs shortly after the evaluation, noting that if the program is successful, the sunset date could be extended.<sup>330</sup> As discussed in Section 3.4.8. below, this decision adopts an evaluation of the community renewable energy program as well as the other tariffs adopted herein. However, the record of this proceeding contains no details on what would be considered a successful community renewable energy program.

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<sup>329</sup> See SCE Opening Comments to November 6 Ruling at 23-24 and PG&E Reply Comments to November 6 Ruling at 33.

<sup>330</sup> Cal Advocates Opening Brief at 18-19.

Accordingly, the workshop with parties to discuss the objectives, methodology, and metrics for the evaluations of the community renewable energy program will include discussion of what a successful community renewable energy program would look like, including metrics for success and a megawatt baseline expectation for the community renewable energy program.

**3.4.6.3. Adopted Community  
Renewable Energy Program  
Meets the Requirements of  
Public Utilities Code Section 769.3(c)**

As discussed below, the Commission finds that the new community renewable energy program adopted in Section 3.4.5.1 above meets the requirements of Pub. Util. Code Section 769.3.

First, a new community renewable energy program is required to be complementary to, and consistent with, the requirements of Section 10-115 of the California Building Standards Code, *i.e.*, Title 24. The Commission concludes that the Energy Commission will make the final determination as to whether the adopted community renewable energy program meets the requirement of Pub. Util. Code Section 769.3(c)(1). As directed, the Commission has consulted with the Energy Commission.

In terms of party expectations, this decision turns to a discussion of how other proposals in this record would meet this requirement. CCSA contends the proposed NVBT will help facilitate compliance with Title 24 mandates through required coordination between an NVBT tariff applicant and the Energy Commission. CCSA asserts that the applicant will have the obligation to demonstrate to the Energy Commission that the applicant's proposal complies

with Section 10-115.<sup>331</sup> PG&E asserts the NVBT does not address all the requirements of Title 24, including that a customer transitioning service from an investor-owned utility to a CCA would not comply with Title 24, nor would a project over 20 MW.<sup>332</sup>

Accordingly, to ensure compliance with Pub. Util. Code Section 769.3, the Commission requires the adopted community renewable energy program tariff to include the following requirements: (1) developers shall have the obligation to demonstrate to the Energy Commission that the proposal is complementary to and consistent with Section 10-115 of the California Building Standards Code; and (2) all projects, no matter what foundational tariff is used, *e.g.*, ReMAT, shall be limited to 20 MW.

SBUA,<sup>333</sup> TURN,<sup>334</sup> Solar Landscape,<sup>335</sup> and Acadia<sup>336</sup> oppose the capacity limit of 20 MW, with TURN warning that a capacity limit above five MW is not compliant with requirements for the enhanced 50 percent ITC. This decision finds that maintaining the capacity limits of the current tariffs does not conflict with federal requirements for the ITC. First, ReMAT has a capacity limit of three MW and therefore does not conflict with the ITC. Second, while the PURPA Standard Offer Contract has a 20 MW cap, this is a cap, and developers should be motivated to submit offers for five MW or less in order to acquire the ITC funds.

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<sup>331</sup> CCSA Opening Brief at 28.

<sup>332</sup> PG&E Reply Brief at 29-30.

<sup>333</sup> SBUA Opening Comments to Proposed Decision at 2.

<sup>334</sup> TURN Opening Comments to Proposed Decision at 4.

<sup>335</sup> Solar Landscape Opening Comments to Proposed Decision at 2.

<sup>336</sup> Acadia Opening Comments to Proposed Decision at 12-13.

Imposing a five MW cap on Standard Offer Contracts is not necessary and by omitting such a cap, developers have flexibility.

In comments to the proposed decision, Arcadia argues that the proposed community renewable energy program is not compliant with the Title 24 requirement “to provide energy reduction credits that will result in virtual reductions in the building’s energy consumption that is subject to energy bill payments or payments to the building that will have an equivalent effect as energy bill reductions.”<sup>337</sup> Arcadia contends that because the primary means of customer participation in the community renewable energy program is through automatic enrollment, “most of the capacity allocated under the program will flow to those automatically enrolled customers.”<sup>338</sup> The Commission considers this an implementation issue and plans to address this concern through a subsequent implementation decision.

Second, a new community renewable energy program is required to ensure at least 51 percent of the program’s capacity serves low-income customers. The adopted community renewable energy program limits eligibility of 51 percent of the program’s capacity to low-income customers (as defined by Pub. Util. Code Section 769.3), which the Legislature specifically referenced in AB 2316. Finally, to ensure that projects under the tariff align with Pub. Util. Code Section 769.3, the tariff will specifically state that in order for the project’s low-income customers to be eligible for additional external funding or subsidies, 51 percent of each project’s capacity must be subscribed to low-income

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<sup>337</sup> Arcadia Opening Comments to Proposed Decision at 10.

<sup>338</sup> Arcadia Opening Comments to Proposed Decision at 10.

customers. The Commission concludes the adopted community renewable energy program complies with Pub. Util. Code Section 769.3(c)(2).

Third, a new community renewable energy program is required to minimize impacts to nonparticipating customers by prohibiting the program's costs from being paid by nonparticipating customers in excess of the avoided costs. This decision adopts a community renewable energy program that uses PURPA avoided costs to compensate generation resources. Because the adopted community renewable energy program uses non-ratepayer funds for the adder, the Commission finds the community renewable energy program will not result in program costs above the avoided costs being paid by non-participating ratepayers. The Commission concludes the adopted community renewable energy program is compliant with Pub. Util. Code Section 769.3(c)(3).

Fourth, a new community renewable energy program shall comply with certain regulations regarding the payment of prevailing wages pursuant to Section 1773 of the Labor Code and, relatedly, Section 1776. This decision turns to the record discussion of how proposals in the record would meet this requirement. The record indicates little discussion. CCSA submits that the provisions of Pub. Util. Code Section 769.3(c)(4) rely on existing enforcement mechanisms and do not create any new requirements.<sup>339</sup> No party presented contentions the NVBT does not meet this requirement. SCE did not provide any discussion on how its proposal would comply with this element of Pub. Util. Code Section 769.3. In order to ensure this requirement is followed by projects, the tariff shall specifically state that in order for the project's low-income subscribers to be eligible to receive the adder, projects shall comply with the

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<sup>339</sup> CCSA Opening Brief at 33.



prevailing wage requirement. The Commission concludes this additional tariff language aligns the community renewable energy program with Pub. Util. Code Section 769.3(c)(4).

Fifth, a new community renewable energy program is required to provide bill credits to subscribers based on the avoided costs of the program's facilities, as determined by the Commission's methods for calculating the full set of benefits of distributed energy resources. The adopted community renewable energy program will compensate generating resources based on the PURPA avoided costs of the facility. Subscribing customers will receive a portion of this compensation as a bill credit. While the federal government provides guidance on PURPA avoided costs, states implementing PURPA-compliant programs have discretion to determine how avoided cost is calculated. Hence, the Commission will use its own method to determine the avoided cost of the generating resource, with PURPA guidance. The Commission concludes the community renewable energy program meets the requirements of Pub. Util. Code Section 769.3(c)(5).

Sixth, the new community renewable energy program is required to prioritize the maximum use of state and federal incentives and accelerate implementation of the program to ensure that time- or quantity-limited federal incentives can be obtained for the benefit of subscribers. Further, the Commission is required to ensure that the community renewable energy program facilities are eligible for an enhanced federal ITC available as a qualified low-income economic benefit project. Parties point to the availability of grants from the federal Inflation Reduction Act, noting these grants could be used to

reduce the costs of the community renewable energy program to subscribers.<sup>340</sup> Parties also point to the availability of state funding.<sup>341</sup> The adopted community renewable energy program takes advantage of several state and federal funds and incentives including AB 102, the Environmental Protection Agency's Solar for All grant competition, and the enhanced federal ITC. The programs remain open to Utility Greenhouse Gas Allowance Proceeds or California's Greenhouse Gas Reduction Fund. The Commission concludes the community renewable energy program complies with Pub. Util. Code Section 769.3(c)(6).

### **3.4.7. Modification of Existing Green Access Program Tariff Options**

Pub. Util. Code Section 769.3 directs that, following an evaluation of the current Green Access Program tariffs, the Commission shall determine whether it is "beneficial to ratepayers to establish a new tariff or program for an electrical corporation, or modify an existing tariff or program administered by an electrical corporation, to establish a community renewable energy program consistent with the criteria described in subdivision (c)." As previously determined through the evaluation (and all parties agree), the current Green Access Program tariff options do not meet all the goals described in AB 2316: (a) efficiently serves distinct customer groups; (b) minimizes duplicative offerings; and (c) promotes robust participation by low-income customers. In Section 3.4.3.1, the Commission determined that the modifications to the existing Green Access Program tariffs are not required to meet the requirements for community renewable energy programs, as the modified programs are customer renewable energy subscription programs and not community renewable energy programs. While

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<sup>340</sup> See, for example, TURN Opening Brief at 39 citing Ex. TURN-01 at 36-38.

<sup>341</sup> See, for example, TURN Opening Brief at 39 citing SB 846 (Dodd, 2022).

the current Green Access Program tariff options do not meet all the evaluation goals described in AB 2316, the Commission finds it efficient — in terms of costs and resources — to modify and streamline existing Green Access Program tariffs, and simultaneously adopt a community renewable energy program that layers a customer subscription model and a non-ratepayer-funded adder onto one of several identified and existing standard supply-side tariffs and contract mechanisms that use the PURPA framework.

As previously discussed, several parties including Cal Advocates, TURN, and CCSA recommend terminating the current Green Access Program tariffs as they assert these tariffs have had limited operational success. Cal Advocates, TURN, CCSA, and SEIA submit that the current contracts should be retained for the Green Tariff and ECR tariff. SEIA proposes to maintain and modify the DAC-GT and CSGT tariffs but establish a sunset date. These parties also support adoption of a community renewable energy program and contend adoption of the NVBT would be beneficial to ratepayers.

Supporting the continuance of some of the Green Access Program tariffs, Joint CCAs, SCE, and PG&E propose modifications to certain existing tariffs, as described above in Section 3.4.1. As discussed below, this decision agrees the Commission should make modifications to the current customer renewable energy subscription programs, also referred to as Green Access Program tariffs.

#### **3.4.7.1. Green Access Program Tariff Modifications**

This decision adopts some of the broader modifications proposed by Joint CCAs, SCE, and PG&E, such as consolidation and elimination.

The evaluation of the Green Access Program tariffs finds that: (1) CSGT has had no customers enrolled since the rollout of the program and no projects

have come online as of the issuance of the proposed decision. However, since the issuance of the proposed decision, a project has been placed in service as of March 20, 2024, and two other projects are considered to be mechanically complete by the developer, with enrollment obligations stated to be met.<sup>342</sup>; (2) the DAC-GT is under-subscribed and under-procured; (3) the Green Tariff fails to promote robust participation due to limited enrollment by low-income customers; and (4) the ECR tariff is duplicative and has had little customer enrollment since the rollout of the program.<sup>343</sup> The Commission recognizes there are challenges to attracting customers and developers. As described in Section 3.3 above, the challenges emanate from the enrollment rate, eligibility requirements, rate volatility, duplication, and market confusion. Accordingly, the modifications adopted in this section of the decision are focused on addressing these challenges.

Borrowing a recommendation for the proposed community renewable energy program, this decision requires the development of one central marketing website including, but not limited to, information on each program and how to apply, procurement opportunities, and statewide program enrollment. Subject to budget appropriation, the Commission should authorize the Director of Energy Division to hire a consultant to develop a statewide website to overcome barriers in customer and project developer awareness of the Commission's portfolio of renewable energy programs. Energy Division is authorized to provide early access to a draft version of the website and related content to the service list of

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<sup>342</sup> Dimension Energy Opening Comments to Proposed Decision at 4.

<sup>343</sup> See Section 3.3 of this decision.

this proceeding for informal party and other stakeholder comments to ensure the webpages are clear and complete.

In the improved version of the tariffs, the Commission will allow the voluntary inclusion of storage in solicitations. While the Commission recognizes this will likely result in more costly projects, as compared to stand-alone solar projects, this additional cost is balanced with the additional value to the grid that resources combined with storage will provide, which the Commission determined in D.22-12-056.<sup>344</sup>

To improve costs, this decision eliminates the requirement to (1) report on the California Air Resources Board Voluntary Renewable Electricity (VRE) Reserve Account and (2) retire Renewable Energy Credits in connection with the VRE Reserve account. Further, beginning in 2024, this decision also eliminates the requirement to report on the Green-e Certification process in order to reduce, time, effort, and cost.<sup>345</sup> PG&E and SCE assert these programs are expensive, noting that the capacity in the California Air Resources Board VRE is nearly at its maximum availability. The Commission finds that use of the DAC-GT and Green Tariff program administrators provides an opportunity for a more cost-effective method of verification. Hence, in lieu of the Green-e Certification process, the Commission requires that for the modified tariffs, the program administrators will be required to conduct their own validation and tracking, as proposed by PG&E, and supported by the Joint CCAs.<sup>346</sup> Specifically, Utilities and

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<sup>344</sup> D.22-12-056 at Finding of Fact 87.

<sup>345</sup> See PG&E Opening Comments to Proposed Decision at 5 and footnote 10 and TURN Opening Comments to Proposed Decision at 13.

<sup>346</sup> Ex. PGE-02 at 29-31 and Ex. JCCA-02 at 14-15.

participating CCAs shall include the following details within their quarterly DGStats reporting after the retirement of the RECs, as further discussed below:

- MWh of participant usage;
- MWh of RPS RECs retired for participants (e.g. 40 percent from RPS would mean 40 percent of usage is accounted for by RPS RECs); and
- Remaining MWh of usage to account for with program RECs.

In lieu of filing program-specific monthly, quarterly, and semi-annual reports to the relevant service list, each modified DAC-GT and modified Green Tariff Program Administrator is directed to conduct data collection and reporting on program operation and outcomes for public posting on the DGStats website. For the modified DAC-GT, D.18-06-027 instructed Utilities to work with the Energy Division to develop reporting requirements and Resolution E-4999 further directed Program Administrators to file quarterly and semi-annual reports to the R.17-07-002 service list. For the modified Green Tariff, D.15-01-051, Resolution E-5028, and D.21-12-036 directed Utilities to submit monthly or quarterly program progress reports. Specific program metrics, such as projects approved and completed, project status and capacity, location of project, subscriber information, job training, local hiring, and coordination with low-income and clean energy programs shall be posted on the DGStats website, or another website as determined by the Energy Division, on a quarterly basis. Additionally, the elements of the RPS Transfer Report related to the modified Green Tariff shall also be included on the DGStats website.<sup>347</sup> The data shall be uniformly formatted and contain no confidential material. Energy Division may

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<sup>347</sup> See Resolution E-4734, approving the Joint Procurement Implementation Advice Letter.

modify these reporting requirements as needed to inform evaluation, measurement, and verification activities.

Utilities and participating CCAs shall facilitate a workshop no later than 60 days after the adoption of this decision to determine the format and specific data to be included in the DGStats program reporting. No later than 45 days after the workshop, Utilities and participating CCAs shall submit a joint Tier 1 Advice Letter outlining what was agreed upon as well as any efforts planned to better coordinate amongst the various Program Administrators and to automate the data collection and transfer process.

Finally, the Commission does not prescribe a name for these modified tariffs in this decision. A future ruling and decision, as discussed in Section 3.4.6, will address aspects of the modifications where the record is deficient.

#### **3.4.7.2. Modified Disadvantaged Communities Green Tariff**

This decision consolidates CSGT capacity into a modified successor DAC-GT, this includes capacity assigned to existing contracts and to projects in negotiation pursuant to a previously held solicitation.<sup>348</sup> The record shows that DAC-GT is more cost-effective and easier to implement as compared to CSGT.<sup>349</sup> Further, the record also shows that CSGT overlaps with DAC-GT, has a higher forecasted cost per customer, and lower enrollment and procurement rates. Such consolidation will address the evaluation finding of duplication in Green Access Program tariffs. Additionally, the Commission finds it efficient to combine the capacity of the two programs, transition eligible customers enrolled in the existing CSGT to the modified DAC-GT, allow the enrollment of previously

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<sup>348</sup> See Joint CCAs Opening Comments to Proposed Decision at 7-8.

<sup>349</sup> Ex. PGE-02 at 26.

wait-listed customers, and then focus on improving future enrollment of low-income customers. Customers currently enrolled in the existing CSGT who are not eligible for DAC-GT shall be offered the opportunity to participate in the modified Green Tariff. These changes address the need for increased access to renewable energy for these households.

The existing DAC-GT program requires that projects be sited in the top quarter of disadvantaged communities within the service territory of the respective utility or CCA. The record indicates this requirement has led to fewer projects being eligible. SCE and Joint CCAs recommend softening this requirement to enable more projects to be eligible. SCE recommends the project site requirement be expanded such that projects within five miles from one of these disadvantaged community would be considered eligible for the tariff. Joint CCAs support such expansion. As one of the objectives of the statute is to promote robust participation by low-income customers, *i.e.*, provide for increased access to renewable energy by challenged communities, the Commission finds it reasonable to expand the DAC-GT site requirements such that eligible projects are located no more than five miles from any DAC-GT-eligible community.

Utilities also propose that the Commission expand access by softening another resource requirement. The existing tariff requires dedicated incremental new resources. PG&E proposes that, instead of replacing 100 percent of a subscriber's energy supply with these dedicated incremental new resources, the Commission could allow the use of a "top-off" approach, whereby dedicated resources would only deliver an incremental percentage of renewable energy to subscribers, in addition to the clean energy the subscriber receives through their "otherwise applicable tariff." PG&E contends this approach does not have any



impact on PG&E's expenditures for the dedicated resources, including the net costs of any power purchase agreements or the costs of the renewable energy credits.<sup>350</sup> Joint CCAs oppose this change asserting the "top-off" approach could inappropriately shift the costs of resources from the RPS to the DAC-GT. While it is the Commission's objective to increase access to renewable energy, this should only be done with caution regarding the impact on nonparticipating ratepayers. As several efforts to improve access to renewables have been approved in this decision, the Commission declines to adopt the "top off" approach for the modified DAC-GT until these efforts are tested.

To address historical enrollment concerns, the Commission adopts the proposal for automatic enrollment or auto-enrollment of eligible customers in the modified DAC-GT. PG&E has adopted auto-enrollment for customers at high risk of disconnection.<sup>351</sup> To be clear, Utilities and participating CCAs shall follow the auto-enrollment practice adopted by the Commission in D.20-07-008 and reiterated in Resolution E-5124. This is efficient and should improve the current enrollment statistics for low-income customers. Because the focus of this tariff is low-income customers, the non-generation costs of this tariff will be fully subsidized by public purpose program funds. However, costs should be driven down by leveraging the enhanced federal ITC and any federal and state funding.

The existing DAC-GT includes a cost containment cap that is set at the higher of either 200 percent of the maximum executed price of the as-available peaking category in the previous RAM or the existing Green Tariff. SCE asserts that updating the cost containment using current market prices and developer

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<sup>350</sup> Ex. PGE-02 at 29.

<sup>351</sup> D.20-07-008 Ordering Paragraph 1 and Ordering Paragraph 2 authorizing auto-enrollment for PG&E DAC-GT and CSGT customers.

costs will reduce customer risks of rate volatility.<sup>352</sup> The record shows that SCE's most recent RAM or Green Tariff contract was executed in 2016.<sup>353</sup> Accordingly, it is reasonable for the Commission to update the cost containment cap such that it reflects current market prices and developer costs. However, the record does not contain any proposal for the process to update the cost containment cap. Utilities and participating CCAs shall work together to develop a proposal for updating the cost containment cap. No later than 90 days from the adoption of this decision, Utilities shall submit a joint Tier 2 Advice Letter proposing a method for updating the cost containment cap.

To allow for improved accuracy in tracking costs, this decision revises the submission date of the DAC-GT Program Administrators' annual budget advice letters from February 1st to April 1st. The Commission agrees that two extra months will not impact the timing of the Energy Resource Recovery Account proceedings and will provide additional time to ensure accuracy of the costs.<sup>354</sup>

There are several matters related to CCAs and their customers that require Commission consideration.

First, Joint CCAs recommend the Commission direct PG&E and the CCAs to engage in working sessions to define the costs and timeline for development of an automated billing solution for CCA program participants.<sup>355</sup> The Commission finds that it is prudent to consider the costs and benefits of implementing an automated billing solution for DAC-GT and CSGT customers given that the customers are eligible to remain enrolled for up to 20 years. This is

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<sup>352</sup> Ex. SCE-01 at 7.

<sup>353</sup> Ex. SCE-01 at 7.

<sup>354</sup> Ex. PGE-01 at 1-41; Ex. JCCA-01 at 42; and JCCA Opening Brief at 37.

<sup>355</sup> Joint CCAs Opening Brief at 38-41.

also in accordance with Resolution E-5124, which required PG&E to include in their 2022 Budget Advice Letter, “efforts taken by PG&E to eliminate manual data transfers between PG&E and participating [CCAs] through [IT] software updates or other automated processes.”

In response to this requirement, PG&E indicated in the supplement to PG&E’s 2022 Budget Advice Letter that it would “evaluate the costs and benefits of a complete billing solution, including an analysis of the costs and benefits of the current system as compared to a fully automated solution” in 2023. The Commission has not seen a comprehensive analysis from PG&E “evaluating the costs and benefits of a complete billing solution” for CCA program participants. Accordingly, the Commission finds it reasonable to require PG&E to provide a detailed scope and cost estimate of developing a fully automated billing solution for DAC-GT and CSGT CCA customers that follows the same billing process that is provided to participating Utility customers. This information shall be provided to the Commission on February 1, 2025, in PG&E’s annual Tier 2 Budget Advice Letter as required by Resolution E-4999.<sup>356</sup> The submission shall document how PG&E’s billing implementation efforts required by this decision would be integrated into PG&E’s ongoing billing system upgrade.

Turning to energy load migration trends, in AB 2316, the Legislature required that the energy load migration trends among bundled and nonbundled customers should be considered in the evaluation. In the existing DAC-GT,

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<sup>356</sup> Resolution E-4999, issued June 3, 2019, requires Utilities to annually submit their separate budget estimates for each program (DAC-GT and/or CSGT) that includes line items for any above market generation costs, bill discounts, marketing, education and outreach, and administrative costs by Tier 1 Advice Letter by February 1.

Resolution E-5125 updated the original Tier 1 requirement to a Tier 2 Advice Letter to allow for additional review and oversight.

unprocured capacity may be transferred if the associated utility and CCA agree through the current practice of submission of a joint advice letter. Utilities and Joint CCAs offer differing proposals for addressing capacity and migrating customers.

PG&E proposes that in a consolidated DAC-GT, any available capacity created by customers transitioning to a CCA would be subscribed by remaining eligible PG&E customers. Joint CCAs, who support modifying both the DAC-GT and the CSGT, propose to allow utility CSGT projects, which are no longer viable due to customers migrating to CCAs, to transition to the DAC-GT but do not automatically transition the customer subscribers to the modified DAC-GT. Asserting that the DAC-GT program efficiently serves low-income communities, Joint CCAs contend the program is limited by the capacity cap. Hence, Joint CCAs also recommend the Commission allocate additional capacity to the DAC-GT such that program administrators whose collective capacity cap is close to being fully procured within a particular utility service territory can enroll an additional 50 percent of eligible customers in the program.<sup>357</sup> At the other end of the spectrum, SCE proposes there be no allocation of SCE's DAC-GT or CSGT capacity to other program administrators but that the Commission allow CSGT contracts to move to DAC-GT. SCE also recommends the Commission prohibit CCAs the ability to apply as program administrators, contending this is disruptive to procurement and increases administrative burden with respect to the management of cost recovery for multiple tariffs.

The Commission finds some of these recommendations to be reasonable in improving the access to this program. This decision permits Utilities and CCAs

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<sup>357</sup> Joint CCAs Opening Brief at 27.

the option to move legacy CSGT projects to the modified DAC-GT successor. Utilities and CCAs may also allow the transfer of previously enrolled utility or CCA customers to the modified DAC-GT, unless there is no remaining capacity. If capacity is at subscription maximum, the new load serving entity is responsible for informing them of the loss of their discount. This decision also adopts the Joint CCA's proposal to increase capacity allocations for those DAC-GT Program Administrators whose collective capacity cap is close to being fully procured within a particular utility service territory and allow to enroll an additional 50 percent of eligible customers.<sup>358</sup> As shown in Table 6 below, this will result in 37.316 MW of additional DAC-GT capacity before consolidation with CSGT, which addresses the Pub. Util. Code Section 769.3 goal of promoting robust participation by low-income customers.

**Table 6**  
**DAC-GT Capacity Estimates By Program Administrator**

<b>Program Administrator</b>	<b>Previous Allocated Capacity (MW)</b>	<b>Total Capacity Procured as of Oct. 31, 2023 (MW)</b>	<b>Allocated Capacity Procured (%)</b>	<b>50% Additional Capacity (MW)</b>
CPA	12.190	12.190	100.000%	6.0950
CleanPowerSF	1.826	0.000	0.000%	0.000
CalChoice	1.310	0.000	0.000%	0.000
EBCE	5.726	0.000	0.000%	0.000
MCE	4.646	4.640	99.870%	2.323
PCE	3.740	3.000	80.000%	1.870
PG&E	52.320	52.320	100.000%	26.160
SCE	56.500	0.000	0.000%	0.000

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<sup>358</sup> Joint CCAs Opening Brief at 24-27.

<b>Program Administrator</b>	<b>Previous Allocated Capacity (MW)</b>	<b>Total Capacity Procured as of Oct. 31, 2023 (MW)</b>	<b>Allocated Capacity Procured (%)</b>	<b>50% Additional Capacity (MW)</b>
SDCP	15.780	0.000	0.000%	0.000
SDG&E	2.220	0.000	0.000%	0.000
SJCE	1.736	1.736	100.000%	0.868
<b>TOTAL</b>	<b>157.99</b>	<b>73.89</b>	<b>46.77%</b>	<b>37.316</b>

Table 7 below shows the estimated total available capacity after tallying the unprocured DAC-GT capacity and the unprocured CSGT capacity as of October 31, 2023, with the 50 percent additional capacity allocation for DAC-GT Program Administrators that are close to or fully procured within a particular utility service territory.

**Table 7**  
**Modified DAC-GT Capacity Estimate By Program Administrator**

<b>Program Administrator</b>	<b>Un-Procured DAC-GT Capacity as of Oct. 31, 2023 (MW)</b>	<b>50% Additional DAC-GT Capacity (MW)</b>	<b>Un-Procured CSGT Capacity as of Oct. 31, 2023 (MW)</b>	<b>Modified DAC-GT Total Available Capacity (MW)</b>
CPA	0.000	6.095	0.0000	6.0950
CleanPowerSF	1.826	0.000	0.5525	2.3785
CalChoice	1.310	0.000	N/A	1.3100
EBCE	5.726	0.000	1.5625	7.2885
MCE	0.006	2.323	1.2800	3.6090
PCE	0.740	1.870	0.4025	3.0125
PG&E	0.000	26.160	2.2000	28.3600
SCE	56.500	0.000	11.6300	68.1300
SDCP	15.780	0.000	4.3800	20.1600

<b>Program Administrator</b>	<b>Un-Procured DAC-GT Capacity as of Oct. 31, 2023 (MW)</b>	<b>50% Additional DAC-GT Capacity (MW)</b>	<b>Un-Procured CSGT Capacity as of Oct. 31, 2023 (MW)</b>	<b>Modified DAC-GT Total Available Capacity (MW)</b>
SDG&E	2.220	0.000	0.6200	2.8400
SJCE	0.000	0.868	N/A	0.8680
TOTAL	84.108	37.316	22.6275	144.0515

In addressing the issue of capacity and migrating customers, the Commission considers the circumstances of SDG&E. As indicated in the evaluation discussion above, SDG&E has experienced a mass migration of customers from its service territory to the local CCA. SDG&E describes this situation in its opening brief noting that “because of recent and unprecedented adoption of CCA by local governments in SDG&E’s service territory, SDG&E lacks sufficient bundled customers to support these programs.”<sup>359</sup> SDG&E asserts that “any discounts in new [Green Access Program tariffs] to the disadvantaged in SDG&E’s service territory would be paid for by other customers.”<sup>360</sup> Noting that it supports the adoption of Green Access Programs by CCA, SDG&E requests the Commission to not require SDG&E to implement any new programs and to allow it to terminate its remaining Green Access Program tariffs.<sup>361</sup>

The Commission agrees that SDG&E’s small customer base may not support participation and could result in the small volume of bundled customers being unfairly burdened by the costs associated with Green Access Program

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<sup>359</sup> SDG&E Opening Brief at 2.

<sup>360</sup> SDG&E Opening Brief at 2.

<sup>361</sup> SDG&E Opening Brief at 2-4.

tariffs.<sup>362</sup> Accordingly, this decision does not allocate additional capacity to SDG&E as the result of the changes adopted for the modified DAC-GT. This decision allows for the facilitation of participating CCAs within the SDG&E territory. Further, this decision allows SDG&E to terminate its CSGT and DAC-GT programs to its bundled customers. However, SDG&E shall continue its cooperation with any CCA that seeks to offer these Green Access Program tariffs in its territory by proposing a venue in which to seek cost recovery as part of its Tier 2 Advice Letter updating its Green Access Program tariffs due no later than 60 days after the adoption of this decision.

With respect to procurement for this capacity, parties discussed solicitation frequency, which is currently biannual. SCE highlighted that changing the frequency of solicitations is consistent with recommendations in the DAC-GT and CSGT Process Evaluation report.<sup>363</sup> This decision adopts the recommendation to decrease the frequency of solicitations to a minimum of once a year in order for the solicitations to be more efficient and, as stated in the evaluation report, to be on a more predictable schedule that allows time for developers to prepare and submit offers.<sup>364</sup>

Several parties discuss the proposal for a sunset date for the existing DAC-GT. In the existing tariffs, Utilities would no longer take new subscriptions when the capacity cap is fully procured. Contending that the tariffs have failed the evaluation, Cal Advocates recommends establishing a sunset for all the existing tariffs.<sup>365</sup> SCE proposes that should the remaining capacity for the tariff

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<sup>362</sup> See SDG&E Opening Brief at 33.

<sup>363</sup> Ex. SCE-01 at 7.

<sup>364</sup> Ex. SCE-01 at 7-8.

<sup>365</sup> Cal Advocates Opening Brief at 13-17.



fall below 500 kW, SCE would automatically sunset program procurement without the need for any further solicitations.<sup>366</sup> PG&E recommends submission of an advice letter when a utility's capacity drops to three megawatts or less and there has been no participation by developers in two consecutive solicitations.<sup>367</sup> PG&E also proposes that, upon expiration of the DAC-GT and CSGT contracts, Utilities would use RPS resources to bridge any capacity shortfalls. PG&E contends that a clear sunset for a successor program is needed to clarify how subscribers are to be served as contracts for dedicated facilities expire.<sup>368</sup>

The Commission agrees that the implementation of a tariff sunset is advisable to provide clarity to subscribers. Accordingly, when the remaining capacity for the modified DAC-GT reaches 500 kW, or less, or there has been no participation by developers in two consecutive solicitations, Utilities shall submit a Tier 1 Advice Letter informing the Commission that the modified DAC-GT solicitations have been suspended and that, pursuant to this decision, the DAC-GT program is sunsetting. However, the Commission declines to adopt the PG&E proposed use of RPS resources to bridge capacity shortfalls due to the lack of record on how to determine when PG&E should procure additional resources.

Implementation of the modified DAC-GT is discussed in Section 3.4.6.4.

### **3.4.7.3. Modified Green Tariff**

Turning to the needs of non-low-income customers who have not had access to renewable energy, this decision approves the second tariff of the Commission's portfolio of renewable energy programs, a modified Green Tariff with the objective of improving the outcomes of the evaluation, including

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<sup>366</sup> Ex. SCE-01 at 7.

<sup>367</sup> Ex. PGE-01 at 18-19.

<sup>368</sup> PG&E Opening Brief at 16-17.

ensuring more predictable rates and focusing on improved solicitation efforts by integrating with the Integrated Resources Planning procurement process. In addition, this decision closes the ECR tariff to new procurement not currently under negotiation or contract due to the findings of the evaluation (*e.g.*, duplicative of the Green Tariff, low enrollment — especially low-income participants, and failure to efficiently serve any distinct customer group).

To begin, this decision points to AB 2838, which authorizes the Commission to terminate the Green Tariff. The Commission exercises that authority and establishes a new but modified Green Tariff. While the modified Green Tariff retains several elements of the prior tariff, the Commission removes other elements that have constrained the success of the tariff. For example, the modified Green Tariff does not require that only purpose-built dedicated resources beyond an interim period can be used to serve Green Tariff customers.<sup>369</sup> Accordingly, while participation in the modified Green Tariff must still result in commensurate, incremental green power generation, the modified Green Tariff does not require a strict, direct causation between customer enrollment and program-specific procurement. This restriction may have contributed to the program's limited performance.

The modified Green Tariff will be targeted to market-rate customers only and therefore is cost neutral, *i.e.*, all costs shall be recovered by participating customer subscribers through a simplified, streamlined rate design based on the annual final RPS Market Price Benchmark. The modified Green Tariff requires Utilities to ensure that program costs and revenues are fully transparent and auditable. Because Green Tariff participants will be responsible for all costs, the

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<sup>369</sup> See D.15-01-051 at 43 stating that “[u]se of existing RPS resources for GTSR customers is a temporary measure applicable until newly dedicated GTSR resources are brought online.”

Commission does not prescribe location requirements for the solicited resources, except that the resources and customers be in the same investor-owned utility service territory. The details of the modified Green Tariff are discussed further below.

In the evaluation of the existing Green Tariff, Utilities state that their respective tariffs had success early on but, for multiple reasons, have experienced participation decline. For example, due to the migration of a large percentage of SDG&E's customers to the local CCA and the requirement for GTSR expenses to be captured by the decreasing number of remaining bundled customers, the resulting rate for the tariff increased sharply, which led to further attrition and program suspension in 2022.<sup>370</sup> In the case of PG&E and SCE, both tariffs are fully subscribed against procured capacity.<sup>371</sup>

The evaluation of the existing Green Tariff also discussed the concern of rate volatility. PG&E states that due to a substantial change in commodity rates that flowed through to result in an overall lower GTSR rate for customers, which was lower than the otherwise applicable rate at the end of 2020, enrollment greatly increased between December 2020 and April 2021 and participating customers experienced an increase in their bill credits. This created a surge in enrollments to the tariff, which exceeded the available dedicated capacity.<sup>372</sup>

To combat the rate volatility, PG&E proposes two efforts: (1) increase the capacity for the tariff to 272 MW, with flexibility to raise the cap higher, and (2) instead of procuring 100 percent new green incremental projects, allow for the procurement of resources not allocated to the RPS program. Here, similar to

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<sup>370</sup> SDG&E Opening Brief at 19.

<sup>371</sup> PG&E Opening Brief at 6 and SCE Opening Brief at 27.

<sup>372</sup> PG&E Opening Brief at 6, TURN Opening Brief at 7, and CCSA Opening Brief at 9.

SCE's proposal, customers remain on their otherwise applicable tariff and are "topped off" to achieve 100 percent clean energy.<sup>373</sup> SCE also recommends increasing the capacity. Further, in order to ensure least-cost best fit procurement, PG&E recommends that future solicitations to meet tariff demand be coupled with procurement activities in the Integrated Resource Plan.

The Commission finds PG&E's proposal for combatting rate volatility to be reasonable but requires fine tuning. Again, the Commission finds it reasonable to disallow new projects from participating in the ECR tariff due to the findings of the evaluation (*e.g.*, duplicative of the Green Tariff, low enrollment — especially low-income participants, and failure to efficiently serve any distinct customer group). However, the Commission clarifies that projects in contract or in negotiation (including shortlisted projects in existing solicitations) remain eligible to participate in the GTSR-ECR.<sup>374</sup> The Commission recognizes the time and resources that developers and Utilities have spent to get to that point of a solicitation and the Commission would not want to hamper future participation by stepping on such efforts. Accordingly, the Commission reassigns the unprocured capacity for the ECR tariff to the modified Green Tariff, creating a cap of 562 MW statewide for the modified Green Tariff. This cap may require adjustment upon implementation. Utilities may request to increase this cap in the future through a Tier 2 advice letter. The modified Green Tariff is an optional rate and price volatility has been challenging. As such, the Commission allows for the adoption of the top-off approach for this tariff. The Commission anticipates use of the top-off approach in the modified Green Tariff will assist in

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<sup>373</sup> See PG&E Opening Brief at 15-17.

<sup>374</sup> See SCE Reply Comments to Proposed Decision at 5.

limiting future price volatility. For clarity, this decision defines the top-off approach as customers remaining on their otherwise applicable tariff but “topped off” to achieve 100 percent clean energy.

As previously directed, any request to increase the modified Green Tariff statewide procurement cap must provide the details of how the program has, and will, result in incremental new renewable energy being purchased beyond other state mandates. The Commission’s aim is to ensure that dedicated resources (the topped off portion of 100 percent clean energy) are built to serve customers enrolled in the modified Green Tariff. While this decision allows for the coupling of energy procurement with the Integrated Resource Plan as a mechanism to drive additional renewable energy development, the Commission agrees with party comments and requires that the solicited resources shall be incremental to RPS resources and not merely unallocated to RPS.<sup>375</sup> The Commission confirms its previous policy that “subscriber demand should result in commensurate incremental renewable energy facilities being developed beyond what would have been built in the absence of the [modified Green Tariff].”<sup>376</sup>

As is the case with the community renewable energy program, the Commission does not prescribe the location of the generation resource for the modified Green Tariff, except to require that subscribing customers and the generator must be located in the same utility service territory.

Currently, customers subscribing to the Green Tariff are limited to a subscription of two megawatts per customer. PG&E proposes to increase this to

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<sup>375</sup> See TURN Opening Comments to Proposed Decision at 15 and SoCal CCAs Opening Comments to November 10, 2022 Proposed Decision at 3.

<sup>376</sup> See TURN Opening Comments to Proposed Decision at 15 quoting D.15-01-051 at 20.

an annual soft cap range of 100,000 to 150,000 megawatt hours, with a one-year notice.<sup>377</sup> SCE proposes to increase the cap to a 50-megawatt soft cap. The Commission adopts a 40-megawatt customer subscription cap for each customer<sup>378</sup> and requires Utilities to annually report participation by both megawatts and megawatt hours. The Commission may consider increasing this customer subscription cap if the modified Green Tariff has the success intended by the modifications. Any project caps will be determined by the underlying procuring mechanism.

This decision declines to adopt SCE's proposal for the Green Share program, including its two-phase approach, and its rate design and cost recovery proposal. Instead, the Commission adopts the modified Green Tariff, which is intended to be paid for completely through customer subscriptions. This decision addresses the request by SCE to recover up to \$5.471 million in incremental Green Share program implementation costs through 2028. As the Commission has declined to adopt the Green Share program, implementation is unnecessary. Further, implementation costs for the modified Green Tariff should be recovered through customers subscribed to the modified Green Tariff.

The implementation of the modified Green Tariff is discussed in the next section of this decision.

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<sup>377</sup> PGE-02 at Appendix A-7.

<sup>378</sup> In comments to the proposed decision, PG&E states that the proposed decision seemingly adopts a 40 MW customer subscription cap in the dicta but a 40 MW project cap in the ordering paragraph. The decision has been corrected to adopt a 40 MW per customer subscription cap in the dicta and the associated ordering paragraph. PG&E Opening Comments to Proposed Decision at 3.

#### **3.4.7.4. Implementation of Modified and New Tariffs**

The adopted tariffs of the Commission's portfolio of renewable energy programs do not require a lengthy implementation timeline, as they are essentially modifications of existing tariffs. However, there are steps that need to be taken prior to updating the existing tariffs. As previously determined, the record does not contain any cost data for the portfolio's marketing website. Hence a ruling will be issued following the adoption of this decision to take comments on aspects of the budget, as well as the responsibilities of the website administrator. Also in this ruling, parties will be provided the opportunity to propose names for the two tariffs and the overall portfolio. A proposed decision will be issued to finalize these issues.

No later than 60 days from the adoption of the second decision, Utilities and participating CCA program administrators shall each submit a Tier 2 Advice Letter updating their existing Green Access Program tariffs according to the directives of this decision, including details on how their programs will result in incremental new renewable energy being purchased. Utilities and participating CCAs shall coordinate before submitting the advice letters to ensure language uniformity, to the extent possible, to ensure that tariff language is uniform across the state, as is the intention of this statewide portfolio of renewable energy programs.

#### **3.4.8. Next Steps**

Pub. Util. Code Section 769.3(b) requires that the Commission complete an evaluation of existing Green Access Program tariffs and determine whether it is beneficial to establish a new tariff or modify existing tariffs. As described above, both of these requirements have been completed in this decision. Further, Pub. Util. Code Section 769.3(b) also requires the Commission to determine

whether to authorize the termination or modification of existing programs and/or determine whether to develop a new tariff to be established. This decision determines that it is beneficial to ratepayers to establish a community renewable energy program. Accordingly, this decision adopts the community renewable energy program as described in this decision.

No later than 60 days from the adoption of this decision, Utilities shall each submit a Tier 1 Advice Letter proposing supply-side tariffs, in addition to ReMAT and the PURPA Standard-Offer-Contract that are applicable for the community renewable energy program, as set forth in this decision.. As CCAs are permitted to participate in the new community renewable energy program, the foundational tariffs will need to be revised to accommodate this participation. At this time, the record does not contain the specifics for CCA participation. A future ruling will seek party comment on such specifics.

Also within 60 days of the adoption of this decision, Utilities shall submit a separate Tier 1 advice letter requesting to establish a memorandum account to receive and track external funds to supplement eligible projects through the community renewable energy program adder.

As discussed above, several parties recommend that the Commission require an evaluation of the adopted community renewable energy program. As this decision creates the community renewable energy program and modifies the Green Access Program tariffs, it is prudent that the Commission ensure these actions fulfill the objectives of this proceeding. As such, Energy Division is authorized to take steps for an evaluation of the entire portfolio of renewable energy programs adopted in this decision. Specifically, the Commission's Energy Division is authorized to develop and issue a Request for Proposal to hire a consultant with expertise in evaluation methods and processes to conduct an



evaluation of the modified Green Tariff and new community renewable energy program components of the Portfolio of renewable energy programs, incorporating an evaluation of metrics for success, including a megawatt baseline expectation for the community renewable energy program.

In D.18-06-027, the Commission authorized funding for a tri-annual evaluation of the DAC-GT program. That decision required an evaluation to be conducted every three years beginning in 2021. This decision revises the schedule for the DAC-GT evaluation such that it aligns with the evaluation schedule for the modified Green Tariff and new community renewable energy program.

Referencing Resolution E-4999, Cal Advocates states that the resolution found it appropriate for program evaluation funding for the DAC-GT to be shared by Utilities in proportion to their share of capacity for the DAC-GT and the CSGT.<sup>379</sup> Cal Advocates asserts that because this decision reallocates the CSGT capacity to PG&E and SCE, the proportion of funding must be revised. Cal Advocates maintains that revised allocations should be as follows: 50 percent for PG&E, 40 percent for SCE, and 10 percent for SDG&E, as indicated in Table 8 below.<sup>380</sup> This decision finds that for consistency the Commission should maintain the practice adopted in Resolution E-4999 for funding the DAC-GT evaluations required by this decision and adopts these revised percentages.

Table 8<sup>381</sup>

DAC-GT and CSGT Capacity and MW Share by Program Administrator  
(After Modified DAC-GT Capacity Increase)

<sup>379</sup> Cal Advocates Opening Comments to Proposed Decision at 5-7.

<sup>380</sup> Cal Advocates Opening Comments to Proposed Decision at 7.

<sup>381</sup> Cal Advocates Opening Comments to Proposed Decision at 7.

Program Administrator	DAC-GT Capacity (MW)	CSGT Capacity (MW)	Percent of Total MW Capacity (236,306 MW)
PG&E	80.68	12	39.22
CleanPower SF	2.3785	0	1.01
Ava Community Energy <sup>382</sup>	7.2885	0	3.08
MCE	8.2515	0	3.49
PCE	6.008	0	2.54
SJCE	2.604	0	1.10
PG&E Service Territory	107.2085	12	50.45
SCE	68.13	3	30.10
CPA	18.285	3.37	9.16
CalChoice	1.31	0	.55
SCE Service Territory	87.725	6.37	39.82
SDG&E	2.84	0	1.20
SDCP	20.16	0	8.53
SDG&E Service Territory	23	0	9.73
Total	217.936	18.37	100

No later than 90 days following the effective date of the contract or agreement with the selected consultant or consultants, the consultant(s), under direction of the Energy Division, should facilitate a workshop with parties to discuss the objectives, methodology, and metrics for the evaluations of the modified Green Tariff and community renewable energy program. The evaluations shall be completed, and results (including recommendations) shared with the service list no later than three years from the adoption of this decision. Parties will be provided an opportunity to comment on the results of these evaluations and potential next steps.

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<sup>382</sup> Formerly East Bay Community Energy.

In comments to the proposed decision, Cal Advocates recommends the Commission establish a scope of implementation issues that remain to be considered in this proceeding with respect to the community renewable energy program and the modified tariffs adopted in this decision.<sup>383</sup> Previously, this decision stated that a future ruling would be issued to develop a record to address remaining details. This decision confirms a future ruling regarding details on the community renewable energy program will pose questions regarding, but not limited to, the following issues; (1) method for dispersing external funding to the projects and participating customers of Utilities and CCAs; (2) customer protections; (3) reporting requirements; (4) auto-enrollment processes; (5) process for CCA participation in the program; (6) eligible CCA tariffs for the program; and (7) an evaluation of stranded legacy Green Tariff costs and appropriate cost recovery mechanisms.

#### **4. Summary of Public Comment**

Rule 1.18 allows any member of the public to submit written comment in any Commission proceeding using the “Public Comment” tab of the online Docket Card for that proceeding on the Commission’s website. Rule 1.18(b) requires that relevant written comment submitted in a proceeding be summarized in the final decision issued in that proceeding.

Fifty-five members of the public have posted a comment on the Docket Card for this proceeding. However, only 10 of these comments discuss the issues in this proceeding. The other 45 address net energy metering, virtual net energy metering, net energy metering aggregation, and the proposal on an income-based fixed charge. Of the 10 discussing concerns related to the Green Access

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<sup>383</sup> Cal Advocates Opening Comments to Proposed Decision at 3.

Program tariffs or the community renewable energy program, two are from Boston and eight are from various areas of California including Bakersfield, Fresno, Oakland, San Francisco, San Luis Obispo, and Santa Barbara. A majority of the eight commenters express opposition to the proposed decision, others seek clarity on aspects of the Green Access Program tariffs.

## **5. Comments on Proposed Decision**

The proposed decision of Administrative Law Judge Debbie Chiv and Administrative Law Judge Kelly A. Hymes in this matter was mailed to the parties in accordance with Pub. Util. Code Section 311 and comments were allowed under Rule 14.3. Comments were filed on March 24, 2024 by the following parties: Arcadia Power; Cal Advocates: CBD; CEJA et al.; Clean Coalition; CUE; CCSA: Cypress Creek Renewables; Dimension Energy; Joint CCAs; PG&E; PearlX Infrastructure; San Diego Community Power and Clean Energy Alliance (SDCP et al.); SDG&E; SoCal CCAs; SCE; SEIA; SBUA; Solar Landscape; TURN; and Valta Energy. Reply comments were filed on April 2, 2024 by the following parties: Arcadia Power, Inc.; Cal Advocates: CBD; CEJA et al.; Clean Coalition; CUE; CCSA: Cypress Creek Renewables; Joint CCAs; PG&E; SDG&E; SoCal CCAs; SCE; SEIA; SBUA; TURN; and Valta Energy.

Revisions and corrections have been made to the decision in response to comments. Comments that reiterate arguments made in party briefs are not repeated here. SDG&E requests the Commission to exempt them from participation in the community renewable energy program, citing the undisputed and unique situation in SDG&E territory with respect to the

unworkability of small renewable generation programs.<sup>384</sup> Pub. Util. Code §769.3(b)(2)(A) requires that if the Commission determines that it would be beneficial to ratepayers to establish the community renewable energy program, the Commission shall establish the program and require each electrical corporation to participate in the program. SDG&E's request to be exempt from participation in the community renewable energy program is denied.

## **6. Assignment of Proceeding**

Alice Reynolds is the assigned Commissioner and Debbie Chiv and Kelly A. Hymes are the assigned Administrative Law Judges in this proceeding.

## **Findings of Fact**

1. In evaluating any existing, modified, or new Green Access Program tariff, the Commission determines if the program meets the following goals:

(1) efficiently serves distinct customer groups; (2) minimizes duplicative offerings; and (3) promotes robust participation by low-income customers.

2. When a Green Access Program tariff does not meet the goals provided in Pub. Util. Code Section 769.3(b)(1)(B), Pub. Util. Code Section 769.3 authorizes the Commission to terminate or modify the tariff.

3. Whether a program "efficiently serves" distinct customer groups is evaluated by balancing sufficient enrollment by customer groups with a program's overall customer costs.

4. Whether a program "minimizes duplicative offerings" is defined as whether a program offering overlaps with similar offerings to the same customer groups.

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<sup>384</sup> SDG&E Opening Comments Proposed Decision at 1-2 citing Finding of Fact 115.

5. Whether a program “promotes robust participation by low-income customers” is measured by the number of enrolled low-income customers for existing programs, and the number of prospective low-income customers for new programs.

6. Pub. Util. Code Section 769.3(c) establishes the requirements for new Green Access Program tariffs.

7. The current ECR program fails to efficiently serve distinct customer groups because, among other reasons, the investor-owned utilities’ programs have had no customer enrollment since the programs’ inception. The current ECR program fails to promote robust participation among low-income customers based on the lack of enrollment by low-income customers.

8. The current GT program fails to efficiently serve distinct customer groups because, among other reasons, the investor-owned utilities’ programs have all been suspended in some capacity. The current GT program fails to promote robust participation among low-income customers based on the lack of enrollment by low-income customers.

9. The current DAC-GT program fails to efficiently serve distinct customer groups because, among other reasons, the program is under-subscribed and under-procured. The current DAC-GT program fails to promote robust participation among low-income customers based on the low level of enrollment among low-income customers.

10. The current CSGT program fails to efficiently serve distinct customer groups because, among other reasons, there have been few customers enrolled in the CSGT program. The current CSGT program fails to promote robust participation among low-income customers based on the lack of enrollment by low-income customers.

11. Section 769.3(b)(2)(B) contains the following language: “If the commission establishes a community renewable energy program pursuant to subparagraph (A).”

12. The plain language of AB 2316 and Pub. Util. Code Section 769.3 allows the Commission to make its own determination on the reasonableness of adopting and implementing a community renewable energy program.

13. Because the NVBT proposals would compensate generators and customers based on the Avoided Cost Calculator values and not the required PURPA avoided costs, adopting the NVBT proposal would result in ratepayers paying more than the utility’s avoided costs for these resources.

14. Absent project citing requirements, beyond being in the same service territory as the subscribers, the Commission is unable to determine whether a project would avoid any transmission or distribution costs, much less what that avoided costs equals.

15. Without the certainty that the NVBT resources would be located close to customers, the avoided costs of transmission and distribution cannot be confirmed.

16. Without Utilities’ ability to claim Resource Adequacy credits, NVBT projects cannot avoid generation capacity costs.

17. The lack of a deliverability study, required in the Resource Adequacy process, could lead to the need for transmission upgrades that could result in higher costs for all ratepayers.

18. In the VNEM, NEMA, and RES-BCT tariffs, the generator is sized to fit the load; in the NVBT proposal the customer subscriptions are sized to fit the production of the generator.

19. For both the VNEM and NEMA tariffs, the generating facility is located onsite, or on a contiguous property; whereas, with the NVBT, the generating facility will be located anywhere within a utility's service territory.

20. The proposed NVBT does not have a proximate connection between the location of the generating facility and the subscribers in the proposed NVBT.

21. The NVBT does not similarly avoid transmission and distribution costs as the VNEM, NEMA, and RES-BCT tariffs.

22. Front-of-the-meter resources are in front of a customer's meter.

23. Behind-the-meter resources are behind a customer's meter and will address onsite load, if any, and then feed back into the grid.

24. If a resource is behind the meter then the resource will offset any load from the customer before producing energy to the distribution grid.

25. If the resource is in front of the meter, a customer's load may not be offset. Instead, the energy will be sent directly to the distribution grid. The location of the resource and its proximity to customers will determine what happens to the produced energy.

26. The Avoided Cost Calculator and, therefore, the RIM test results should not be relied upon to determine the impact of NVBT proposal on nonparticipating customers.

27. Comparing wholesale procured resources with the proposed NVBT resources is not how the Commission has historically evaluated distributed energy resources.

28. The NVBT proposal would result in ratepayers compensating customers for costs that are not avoided, which would result in a cost shift.

29. Neither the plain language in AB 2316 nor in Pub. Util. Code Section 769.3 uses the term Avoided Cost Calculator.



30. A reasonable interpretation of the term “avoided costs” in Pub. Util. Code Section 769.3 could refer to either the PURPA avoided costs or the avoided costs in the Avoided Cost Calculator.

31. Pub. Util. Code Section 769.3 makes no requirement to use the Avoided Cost Calculator or any other specific method.

32. Pub. Util. Code Section 769.3 requires the use of a Commission method of calculating the avoided cost.

33. FERC has adopted regulations specifying how to calculate avoided cost, but allows state discretion to determine how avoided cost is calculated within the parameters established by FERC.

34. The record indicates strong support for the adoption of a new community renewable energy program from a diverse array of entities.

35. The Commission twice set aside submission of the record of this proceeding because of concerns with NVBT proposal regarding cost effectiveness and reliability matters; SCE’s PURPA compliant proposal is an alternative community renewable energy program to address these concerns.

36. All parties have been provided with an opportunity to comment on SCE’s PURPA compliant proposal.

37. Pub. Util. Code Section 769.3 does not require the community renewable energy program to attain any specific procurement target.

38. Pub. Util. Code Section 769.3 requires the Commission to determine by March 31, 2024, whether it is beneficial to adopt a community renewable energy program.

39. SCE’s PURPA compliant proposal is neither out of scope nor does it violate due process rights.

40. SCE provides no analysis that its PURPA compliant proposal would comply with Pub. Util. Code Section 769.3(c)(1) or Pub. Util. Code Section 769.3(c)(6).

41. The Energy Commission will decide whether a proposal complies with Section 769.3(c)(1).

42. Pub. Util. Code Section 769.3(c)(1) directs that “[f]or purposes of this paragraph, the Commission shall consult with the Energy Commission.”

43. In SCE’s PURPA compliant proposal, the subscribing customer’s share of the generation resource’s compensation would be set aside in a balancing account and distributed through a flat \$/kWh credit that can be trued-up annually based on facility performance and credits distributed; the credit is deducted from compensation to the generation, which is calculated based on PURPA avoided costs of the program’s facilities.

44. SCE has presented evidence on how its proposal’s PURPA-compliant avoided cost meets the requirements of Pub. Util. Code Section 769.3(c)(3), and Green Access Program tariff evaluation results indicate there has been limited success developing community solar.

45. The limited past success was one of the reasons for requiring an evaluation of the Green Access Program tariffs and the subsequent required applications for improvement filed as the basis of this proceeding.

46. PURPA prices alone may not be sufficient compensation for garnering additional interest in the community renewable energy program by developers.

47. The SCE proposal is incomplete.

48. The incomplete SCE proposal requires additional record building time that the Commission does not have.

49. The Commission has several existing tariffs that are PURPA compliant.

50. It is reasonable to address the concern that PURPA avoided costs may be insufficient by using the \$33 million appropriated to the Commission as a subsidy to subscribing low-income customers who enroll or are enrolled in the adopted community renewable energy program.

51. In Pub. Util. Code Section 769.3, the Legislature intended low-income households and those who rent or lease their space to be the target market for the community renewable energy programs.

52. Only low-income households are eligible for the \$33 million funds appropriated to the Commission through AB 102.

53. The Commission adopted automatic enrollment in DAC-GT in D.20-07-008.

54. Automatic enrollment reduces administrative costs, minimizes marketing, education, and outreach costs, and reduces barriers to access.

55. Compensating customers in energy units is not applicable when netting is not being performed.

56. Limiting the size of PURPA-compliant community renewable energy program projects to 20 MW and requiring developers to demonstrate to the Energy Commission that a project complies with Section 10-115 of the California Building Code ensures compliance with Pub. Util. Code Section 769.3(c)(1).

57. Requiring that 51 percent of a PURPA-compliant community renewable energy program generation facility's capacity be subscribed to low-income households ensures compliance with Pub. Util. Code Section 769.3(c)(2).

58. Requiring the PURPA-compliant community renewable energy program to use PURPA avoided costs to compensate generation resources ensures program costs are not paid by nonparticipating customers in excess of avoided costs.

59. Requiring the PURPA-compliant community renewable energy program project developers to comply with the prevailing wage requirement ensures compliance with Section 1773 of the Labor Code and Pub. Util. Code Section 769.3(c)(4).

60. Requiring the PURPA-compliant community renewable energy program to: (1) compensate generating resources based on the PURPA avoided costs of the facility and (2) provide subscribing customers with their portion of this compensation as a bill credit results in compliance with Pub. Util. Code Section 769.3.(c)(3) and (c)(5).

61. There are several state and federal funding sources available for PURPA-compliant community renewable energy programs AB 102, the Environmental Protection Agency's Solar for All, the enhanced federal ITC, and the Greenhouse Gas Reduction Fund.

62. Requiring developers of community renewable energy program projects to take advantage of the available state and federal funding results in compliance with Pub. Util. Code Section 769.3(c)(6).

63. The results of the evaluation above and the record of this proceeding indicate the need for improvement in the existing Green Access Program tariffs.

64. The original intention of the filing of the applications in this proceeding was to review and improve the Green Access Program tariffs.

65. Challenges to attracting customers and developers in the Green Access Program tariffs emanate from enrollment rate, eligibility requirements, rate volatility, and duplication.

66. Voluntary inclusion of storage will likely result in more costly projects, but this cost is balanced with the additional value to the grid that resources combined with storage will provide.

67. California Air Resources Board VRE programs are costly and should be eliminated.

68. Validation and tracking by program administrators on a single website is a more cost-effective method of verification and is consistent with prior Commission directives.

69. It is efficient to combine the unprocured capacity of the CSGT and DAC-GT, transition customers on the existing CSGT to the modified DAC-GT, allow the enrollment of previously wait-listed customers, and focus on improving future enrollment of low-income customers.

70. Requiring projects to be sited in the top quarter of disadvantaged communities within the service territory of the respective utility or CCA has led to fewer projects being eligible for the DAC-GT.

71. An objective of DAC-GT is to promote robust participation by low-income customers, *i.e.*, provide for increased access to renewable energy by challenged communities.

72. Expanding the DAC-GT site requirements to allow eligible projects to be located no more than five miles from any DAC-GT-eligible community will help to meet the objective of promoting robust participation by low-income customers.

73. Using the “top off” approach in the DAC-GT would have negative impacts on nonparticipating ratepayers.

74. PG&E has adopted auto-enrollment in the DAC-GT for customers at high risk of disconnection.

75. The Commission has adopted the practice of customer self-certification in other public purpose programs.

76. Adopting the auto-enrollment practice adopted by the Commission in D.20-07-008 for use in the modified DAC-GT is efficient and will improve the current enrollment statistics for low-income customers.

77. SCE's most recent Green Tariff contract was executed in 2016.

78. A current cost containment cap reflects current market prices and developer costs.

79. The record does not contain any proposal for the process to update the cost containment cap.

80. Revising the submission date of the DAC-GT Program Administrator's annual budget advice letter to April 1st will not impact the timing of the Energy Resource Recovery Account proceedings and will provide additional time to ensure accuracy of the costs.

81. Resolution E-5124 required PG&E to provide in their 2022 Budget Advice Letter a discussion on its efforts to eliminate manual data transfers between PG&E and participating CCAs.

82. While PG&E stated it would evaluate the costs and benefits of implementing a billing solution, the Commission has not seen a comprehensive analysis.

83. Because customers are eligible to be enrolled in DAC-GT and CSGT for up to 20 years, it is prudent to consider the costs and benefits of implementing an automated billing solution for DAC-GT and CSGT customers.

84. The following improvements will lead to potential enrollment increases in the modified DAC-GT, thus addressing the Pub. Util. Code Section 769.3 goal of promoting robust participation by low-income customers: (1) move legacy CSGT projects to the modified DAC-GT; (2) transfer previously enrolled utility or CCA customers to the modified DAC-GT; and (3) increase the cap of each Program

Administrator that is close to being fully procured within a particular utility service territory to allow enrollment of an additional 50 percent of eligible customers.

85. SDG&E's small customer base may not support participation in Green Access Program tariffs and could result in the small volume of bundled customers being unfairly burdened by the costs associated with the Green Access Program tariffs.

86. The DAC-GT and CSGT Process Evaluation report recommends the Commission decrease the frequency of solicitations to once a year in order for the solicitations to be more efficient and to be on a more predictable schedule that allows time for developers to prepare and submit offers.

87. A tariff sunset for DAC-GT provides clarity to subscribers.

88. The PG&E proposed use of RPS resources to bridge capacity shortfalls does not indicate when PG&E should buy versus procure additional resources.

89. The ECR tariff has experienced low-enrollment and fails to efficiently serve any distinct customer group.

90. Due to a decrease in rates at the end of December 2020, participating Green Tariff customers experienced an increase in their bill credits, which created a surge in enrollments to the tariff leading to more customers.

91. Use of the top-off approach in the modified Green Tariff will assist in limiting future price volatility.

92. Integrating Green Tariff resource availability with other Integrated Resource plans could lead to less rate volatility.

93. All costs for the modified Green Tariff are borne by the participating subscribers.

94. Resolution E-4999 found it appropriate for program evaluation funding for the DAC-GT to be shared by Utilities in proportion to their share of capacity for the DAC-GT and the CSGT.

95. It is consistent for the Commission to maintain the practice adopted in Resolution E-4999 for funding the DAC-GT evaluations required by this decision.

### **Conclusions of Law**

1. The current ECR tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

2. The current GT tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

3. The current DAC-GT tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

4. The current CSGT tariff fails to meet the goals of Pub. Util. Code Section 769.3(b)(1)(A).

5. The Commission should not adopt the NVBT proposal as a foundation for a community renewable energy program.

6. AB 2316 and Pub. Util. Code Section 769.3 does not require the Commission to adopt a community renewable energy program.

7. The NVBT proposal does not comply with the requirements of Pub. Util. Code Section 769.3.

8. Neither AB 2316 nor Pub. Util. Code Section 769.3 require the use of the Avoided Cost Calculator or any other specific method to determine the avoided costs of the NVBT facilities.

9. The Commission should use the PURPA avoided costs for calculating avoided costs of the community renewable energy program facilities.



10. To prioritize the maximum use of state and federal incentives and accelerate implementation of the program to ensure that time- or quantity-limited federal incentives can be obtained for the benefit of subscribers, the Commission should require that developers of PURPA-compliant community renewable energy program projects should take advantage of state and federal funds including AB 102, the Environmental Protection Agency's Solar for All grant competition, the enhanced federal ITC, and the Greenhouse Gas Reduction Fund.

11. The Commission should find it beneficial to adopt a community renewable energy program.

12. The Commission should not adopt the top-off approach.

13. The Commission should adopt automatic enrollment in the community renewable energy program.

14. The Commission should adopt the proposal to provide customers a flat monetary credit on customer bills.

15. The Commission should adopt a community renewable energy program that uses the current PURPA compliant tariffs as a foundation.

16. A community renewable energy program compliant with PURPA can meet the requirements of Pub. Util. Code Section 769.3.

17. The community renewable energy program meets the requirements of Pub. Util. Code Section 769.3.

18. The Commission should adopt the community renewable energy program compliant with PURPA.

19. The Commission should take the best elements of the existing Green Access Program tariffs and consolidate and, where necessary, eliminate to improve access for customers.

20. The Commission should consolidate unprocured CSGT capacity into a modified DAC-GT.

21. The Commission should expand the DAC-GT site requirements to locate eligible projects no more than five miles from any DAC-GT-eligible community.

22. The Commission should not adopt the “top off” approach for the modified DAC-GT until other efforts to increase access to renewable energy are tested.

23. The Commission should adopt the proposal for auto-enrollment in the modified DAC-GT.

24. The Commission should direct Utilities and CCAs to work together to develop a proposal for updating the cost containment cap.

25. The Commission should revise the submission date of the DAC-GT Program Administrators’ annual budget advice letters from February 1st to April 1st.

26. The Commission should require PG&E to provide a detailed scope and cost estimate of developing a fully automated billing solution for DAC-GT and CSGT CCA customers that follows the same billing process that is provided to participating Utility customers.

27. The Commission should adopt the following revisions to improve access to renewable energy: (1) move legacy CSGT projects to the modified DAC-GT; (2) transfer previously enrolled utility or CCA customers to the modified DAC-GT; and (3) increase the capacity cap of each DAC-GT Program Administrator who is close to being fully procured within a particular utility service territory and enroll an additional 50 percent of eligible customers.

28. The Commission should not allocate additional capacity to SDG&E for the modified DAC-GT.

29. The Commission should allow for the facilitation of participating CCAs within the SDG&E territories.

30. The Commission should allow SDG&E to terminate its CSGT and DAC-GT programs to its bundled customers.

31. The Commission should decrease the frequency of DAC-GT solicitations to a minimum of once a year.

32. The Commission should implement a tariff sunset for the DAC-GT.

33. The Commission should remove Green-e certification and institute annual validation and reporting after the retirement of the applicable RECs.

34. The Commission should not adopt the PG&E proposed use of RPS resources to bridge capacity shortfalls.

35. The Commission should increase the customer subscription cap to 40 MW.

36. The Commission should disallow any future solicitations in the ECR tariff and reassign all uncontracted capacity to the modified Green Tariff leading to a total of 562 MW statewide.

37. The Commission should require that all costs for the modified Green Tariff be borne by the participating subscribers.

38. The Commission should adopt the use of the top-off approach in the modified Green Tariff.

39. The Commission should deny the SCE request to recover up to \$5.471 million in incremental Green Share program implementation costs from all bundled service customers and authorize recovery from program subscribers.

40. The Commission should maintain the practice adopted in Resolution E-4999 for funding the DAC-GT evaluations required by this decision and should adopt the revised percentages herein.

**O R D E R****IT IS ORDERED** that:

1. A community renewable energy program is adopted and shall contain the following elements:

- (a) Foundational Tariff — Selection of one of the existing tariffs that are compliant with the federal Public Utility Regulatory Policies Act including, but not limited to, the Renewable Market Adjusting Tariff (ReMAT) and Standard-Offer-Contract. Developers shall adhere to the previously adopted tariff rules for the selected foundational tariff.
- (b) Subscription Model and Bill Credit — Subscribing customers will receive a flat monetary credit on their monthly bill based on a percentage of each project's overall revenue share paid for through external funding or incentives. Low-income customers, as defined in Public Utilities (Pub. Util.) Code Section 769.3 will receive no less than 20 percent. The bill credit will be reviewed on an annual basis and updated through a true-up process.
- (c) Adder — A fund of monies will be kept in a balancing account and will be provided to eligible subscribers. Incentive levels will be dependent upon the amount of funds in the balancing account, including new funds when they become available.
- (d) Eligibility Requirements — All customers will be eligible to enroll as subscribers in this tariff.
- (e) Automatic Enrollment — Pacific Gas and Electric Company, San Diego Gas & Electric Company and Southern California Edison Company shall implement the same auto-enrollment procedures as approved by the Commission in Decision 20-07-008 and Resolution E-5124.
- (f) Compliance with Pub. Util. Code Section 769.3(c)(1) — In addition to the requirements of the foundational

tariff and the subscription model, the community renewable energy program tariff shall require that:

- (1) developers demonstrate to the California Energy Commission that the proposal complies with Section 10-115 of the California Building Code; and
- (2) all projects shall be limited to 20 megawatts.

- (g) Compliance with Pub. Util. Code Section 769.3(c)(2) – In addition to the requirements of the foundational tariff and the subscription model, the community renewable energy program tariff shall require that developers demonstrate that 51 percent of a project's capacity is subscribed to low-income customers.
- (h) Compliance with Pub. Util. Code Section 769.3(c)(4) – In addition to the requirements of the foundational tariff and the subscription model, the community renewable energy program tariff shall require that developers demonstrate that all projects shall comply with the prevailing wage requirement.
- (i) Storage – The community renewable energy program tariff shall allow for co-located solar and storage.

2. The Community Solar Green Tariff (CSGT) is discontinued. Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (collectively, Utilities) and Community Choice Aggregators (CCAs) shall transfer all remaining un-procured capacity assigned to this tariff to the modified Disadvantaged Communities Green Tariff (DAC-GT). Procured CSGT capacity and procurement in existing active solicitations may be transferred to DAC-GT. Utilities and CCAs may transition DAC-GT-eligible customers currently enrolled in CSGT into the modified DAC-GT, unless there is no remaining capacity. If capacity is at subscription maximum, Utilities and CCAs are responsible for informing the customer of the loss of their discount.

3. The Disadvantaged Communities Green Tariff shall be modified as follows:

- (a) Site requirements are revised to allow eligible projects to be located no more than five miles from eligible disadvantaged communities census tracts.
- (b) Pacific Gas and Electric Company, San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company shall implement automatic enrollment as previously adopted in Decision 20-07-008 and reiterated in Resolution E-5124.
- (c) SDG&E is permitted to terminate its tariff to its bundled customers but must continue its cooperation with any Community Choice Aggregator that seeks to offer the tariff in its territory by including a proposed venue in which to seek cost recovery in the Tier 2 Advice Letter required by Ordering Paragraph 9.
- (d) Capacity is increased by an additional 37.316 megawatts of additional capacity.
- (e) The capacity cap of each Program Administrator, who is close to being fully procured within a particular utility service territory, is increased to allow the enrollment of an additional 50 percent of eligible customers.
- (f) Solicitations are decreased to a minimum of once a year.
- (g) Voluntary inclusion of storage is permitted.
- (h) The cost containment cap shall be updated using the steps in Ordering Paragraph 4.
- (i) The submission date of the DAC-GT Program Administrators' annual budget advice letters is changed to April 1st.
- (j) A sunset for the tariff is adopted whereby when the remaining capacity for the modified tariff reaches 500 kilowatts or there has been no participation by

developers in two consecutive solicitations, a utility shall submit a Tier 1 Advice Letter informing the Commission that solicitations have been suspended.

- (k) Green-e certification is no longer required. Consistent with Ordering Paragraph 6 below, Quarterly reporting to California Distributed Generation Statistics (DGStats) website, or another website as determined by Energy Division, shall include: megawatt-hours (MWh) of participant usage; MWh of Renewable Portfolio Standard (RPS) Renewable Energy Credits (RECs) retired for participants; and remaining MWh of usage to account for with program RECs.

4. Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE), and participating Community Choice Aggregators shall work together to develop a proposal for updating the cost containment cap for the Disadvantaged Communities Green Tariff. The cost containment cap shall reflect the option for paired storage. No later than 90 days from the adoption of this decision, PG&E and SCE shall submit a Tier 2 Advice Letter proposing a method for updating the cost containment cap.

5. The Green Tariff shall be modified as follows:

- (a) Eligibility is aimed at market rate customers and all costs shall be recovered by participating customer subscribers.
- (b) The Green Tariff Shared Renewables enhanced community renewables (GTSR-ECR) option is closed to new procurement not currently under negotiation or contract. The unprocured capacity for this option is reassigned to the modified Green Tariff, creating a cap of 562 megawatts (MW) statewide. Southern California Edison Company (SCE) may eliminate the one-sixth residential requirement.
- (c) Customer subscriptions are capped at 40 MW per customer. Pacific Gas and Electric Company, San Diego

Gas & Electric Company, and Southern California Edison Company may request to increase these caps through a Tier 2 Advice Letter.

- (d) The “topped-off” approach is adopted, whereby customers subscribed to the tariff remain on their otherwise applicable tariff and are “topped off” to achieve 100 percent clean energy.
- (e) Voluntary inclusion of storage is permitted.
- (f) A sunset is adopted whereby when the remaining enrolled capacity for the modified tariff falls below 500 kilowatts or there has been no participation by developers in two consecutive solicitations, a utility shall submit a Tier 1 Advice Letter informing the Commission that solicitations have been suspended.
- (g) Green-e certification is no longer required. Consistent with Ordering Paragraph 6 below, Quarterly reporting to California Distributed Generation Statistics (DGStats) website, or another website as determined by Energy Division, shall include: megawatt-hours (MWh) of participant usage; MWh of Renewable Portfolio Standard (RPS) Renewable Energy Credits (RECs) retired for participants; and remaining MWh of usage to account for with program RECs.
- (h) Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company are no longer required to file a marketing and budget plan through a Tier 2 Advice Letter.

6. Pacific Gas and Electric Company, San Diego Gas & Electric Company, Southern California Edison Company, and Program Administrators of tariffs in the California Renewable Energy Portfolio shall conduct data collection and reporting on program operation and outcomes for public posting on the California Distributed Generation Statistics (DGStats) website. This directive replaces reporting requirements in Decision (D.) 15-01-051, [D. 16-05-006](#),



D.18-06-027, Resolution E-4999, D.21-12-036 and Resolution E-5028. Specific program metrics, such as projects approved and completed, project status and capacity, location of project, subscriber information, job training, local hiring, and coordination with low-income and clean energy programs shall be posted on the DGStats website, or another website as determined by the Energy Division, on a quarterly basis. The data shall be uniformly formatted and contain no confidential material. Energy Division is authorized to modify these reporting requirements as needed to inform evaluation, measurement, and verification activities.

7. No later than 60 days from the adoption of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company, and participating Community Choice Aggregators shall facilitate a workshop with Energy Division, parties to this proceeding, and other relevant stakeholders to determine the format and specific data to be included in the California Distributed Generation Statistics website reporting, as directed by Ordering Paragraph 6 above.

8. No later than 45 days after facilitating the workshop, as directed by Ordering Paragraph 7 above, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company, and participating Community Choice Aggregators shall submit a joint Tier 1 Advice Letter outlining what was agreed upon as well as any efforts planned to better coordinate amongst the various Program Administrators and to automate the data collection and transfer process.

9. No later than 120 days from the adoption of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (Utilities) and/or participating Community Choice

Aggregators (CCAs) shall each submit a Tier 2 Advice Letter updating their Community Solar Green Tariff according to Ordering Paragraph 2, their Disadvantaged Communities Green Tariff according to Ordering Paragraph 3, and/or their Enhanced Community Renewables and Green Tariff according to Ordering Paragraph 5 above. Utilities and participating CCAs shall coordinate before submitting the advice letters to ensure uniformity, to the extent possible to ensure that tariff language is uniform across the state. The advice letter shall include details on how the tariff(s) will result in incremental new renewable energy being purchased to specifically serve subscribers of that tariff.

10. No later than 60 days from the adoption of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company shall each submit a Tier 1 Advice Letter proposing any additional supply-side tariffs applicable for the community renewable energy program, as set forth in this decision, and adopted in Ordering Paragraph 1 above.

11. No later than 60 days of the adoption of this decision, Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (collectively, Utilities) shall each submit a Tier 1 Advice Letter establishing a balancing account to track the subscriber revenue shares and distribute the appropriate shares through the bill credit described in Ordering Paragraph 1 above. Utilities shall also use this balancing account to receive and track external funds to supplement eligible projects through the community renewable energy program low-income incentive.

12. In its next Tier 2 Disadvantaged Community Green Tariff (DAC-GT) Annual Budget Advice Letter, required by Resolution E-4999 and due on April 1, 2025, Pacific Gas and Electric Company (PG&E) shall provide a detailed scope

and cost estimate of developing a fully automated billing solution for Community Choice Aggregator customers enrolled in the modified DAC-GT. The proposed billing solution shall follow the same billing process that is provided to participating PG&E customers. The filing shall also describe how PG&E's billing implementation efforts here would be integrated into PG&E's ongoing billing system upgrades.

13. Energy Division is authorized to hire a consultant to develop a statewide website for the Commission's portfolio of renewable energy programs adopted in this decision, subject to budget appropriation. The objective of the website is to assist in overcoming barriers in customer and project developer awareness of the tariffs in the portfolio. Energy Division is authorized to provide early access to a draft version of the website and related content to this service list for informal party and other stakeholder comment to ensure the webpages are clear and complete.

14. Energy Division is authorized to develop and issue a Request for Proposal for an independent consultant with expertise in evaluation methods and processes to conduct evaluations of the modified Green Tariff program and new community renewable energy program. The Disadvantaged Communities Green Tariff (DAC-GT) evaluation schedule, as ordered in Decision 18-06-027, is revised to align with the evaluations ordered here. Funding for the DAC-GT evaluation shall continue to be shared by Pacific Gas and Electric Company (PG&E), San Diego Gas & Electric Company (SDG&E), and Southern California Edison Company (SCE) in proportion to their share of capacity for the DAC-GT as follows: 50 percent for PG&E, 40 percent for SCE, and 10 percent for SDG&E. The evaluations shall be completed, and results (including recommendations) shared with the service list no later than three years from the adoption of this decision.

Parties will be provided an opportunity to comment on the results of the evaluations and potential next steps. No later than 90 days following the effective date of the contract or agreement with the selected consultant or consultants, the consultant(s) under the direction of the Energy Division, should facilitate a workshop with parties to discuss the objectives, methodology, and metrics for the evaluations.

15. Application (A.) 22-05-022, A.22-05-023, and A.22-05-024 remain open to address further implementation issues related to the California Shared Renewables Portfolio of tariffs.

This order is effective today.

Dated \_\_\_\_\_, at Sacramento, California.

## **APPENDIX A**