

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

Order Instituting Rulemaking to Revisit Net
Energy Metering Tariffs Pursuant to Decision
D.16-01-044, and to Address Other Issues
Related to Net Energy Metering.

R.20-08-020

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON GUIDING PRINCIPLES FOR
SUCCESSOR TARIFF FOR NET ENERGY METERING**

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*On behalf of the California Wind
Energy Association*

December 11, 2020

**REPLY COMMENTS OF THE
CALIFORNIA WIND ENERGY ASSOCIATION
ON GUIDING PRINCIPLES FOR
SUCCESSOR TARIFF FOR NET ENERGY METERING**

Pursuant to the Joint Assigned Commissioner’s Scoping Memo and Administrative Law Judge Ruling Directing Comments on Proposed Guiding Principles issued on November 19, 2020 (“Ruling”), the California Wind Energy Association (“CalWEA”) respectfully submits these replies to parties’ opening comments on the proposed guiding principles for a successor to the current Net Energy Metering (“NEM”) tariff.

CalWEA commends the Commission for timely issuing a draft set of principles, the adopted version of which will guide consideration of proposed tariff reforms in this proceeding. Many parties have clearly explained in their opening comments, however, why the Commission must clarify and strengthen its draft principles. CalWEA generally supports the opening comments of the Commission’s Public Advocates Office (“Cal Advocates”), the Coalition of California Utility Employees (“CUE”), The Utility Reform Network (“TURN”), the Natural Resources Defense Council (“NRDC”), and the joint opening comments of Southern California Edison Company, Pacific Gas and Electric Company, and San Diego Gas & Electric Company (“Joint IOUs”). While the specific recommendations proposed by these parties vary, they are all aimed at setting this process on an expeditious course that will protect non-participating ratepayers from undue cost burdens and support cost-effective achievement of the state’s greenhouse-gas goals so that electric service remains as affordable as possible as our economy relies increasingly on electricity. While solar energy industry groups would prefer to keep the principles at a high level¹ – that is, vague, the principles will serve little purpose if they do not

¹ Opening comments of the California Solar & Storage Association (“CALSSA”) at p. 1. Solar Energy Industries Association and Vote Solar (“SEIA/VS”) generally support the proposed principles which, as discussed in these comments, lack critical details necessary to protect non-participants. SEIA/VS do, however, propose greater detail regarding the tariff providing revenue certainty to distributed generation (“DG”) customers, at pp. 6-7.

meaningfully address these critical objectives. In response to these opening comments, CalWEA addresses the proposed principles as follows:

Sustainable Growth. A specific metric is needed to define “sustainable growth”² that will ensure that program costs to non-participating customers are not greater than program benefits.³ Putting an end to the ongoing cost-shifting that is occurring is both required by statute and the best way to ensure that the program will be durable (sustainable) over the long term. The Joint IOUs suggest that such sustainability be determined through the Participant Cost Test, while TURN suggests the PCT along with Rate Impact Measure results of at least 1.0.

By contrast, CalSSA and SEIA/VS advocate sustainable growth principles that are focused on industry growth, including advocating principles focused on promoting industry growth to serve low-income or other “underserved” communities.⁴ The vast majority of low-income customers, however, are unlikely to benefit even from a tariff that is designed to be more generous for such customers; they will, however, bear the burden of any cost-shifting from those who use the tariff -- including any low-income customers. The focus of designing a new tariff should be to ensure that the benefits of the tariff equal the costs, as measured by the PCT, possibly in conjunction with the RIM test. If cost-shifting from the relatively poor to the relatively rich is eliminated, there will be little need for largely futile attempts to balance the scales with relatively limited installations on low-income homes.⁵

Equity. While correctly identifying “equity” as a requirement of the successor tariff,⁶ achieving this objective will require specific consideration of many aspects of tariff design. As TURN advocates, the principle should be expanded to include: ensuring equal collection of unavoidable and non-bypassable charges from participating and non-participating customers,

² The Ruling’s proposed principle on this point is: “A successor shall ensure that customer-sited renewable generation continues to grow sustainably among different types of customers and throughout California’s diverse and disadvantaged communities.”

³ See Cal Advocates at p. 4, the Joint IOUs at p. 3, and NRDC at p. 2.

⁴ CalSSA at p. 3, SEIA/VS at p. 2-3.

⁵ That said, we agree with NRDC’s principles for how tariffs should equitably apply to customers that qualify for California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA). NRDC at p. 4.

⁶ This proposal states that “A successor shall ensure equity among customers and enhance consumer protections measures.”

ensuring all NEM customers pay a fair share for the grid services they use, and ensuring equal compensation for similar generation.⁷

CalSSA suggests that the focus of the equity principle should be to increase sales to low-income customers.⁸ As noted above, however, attempting to rectify an inequitable tariff that shifts costs from higher-income to lower-income customers and from participants to non-participants by ensuring that some small percentage of lower-income customers *also shift costs onto others* is a poor substitute for designing a tariff that does not shift costs in the first place.

Total Costs and Benefits. A specific metric is needed to gauge “total costs and benefits”⁹ to ensure that the total benefits to all customers and the electrical system are approximately equal to or greater than the total costs. As CUE pointed out, the NEM 2.0 Lookback Study documented that, using RIM test, ratepayers have received 46 cents of benefits for every dollar that NEM has cost ratepayers.¹⁰ Therefore, TURN’s recommendation is appropriate: to state within the principle that costs and benefits will be determined by a RIM test result of at least 1.0.¹¹

Further, we agree with Cal Advocates that sufficient transparency regarding the successor tariff should be provided so that there is a shared public understanding of costs and benefits to participating and non-participating customers.¹²

Policy Alignment. “Alignment” with the Commission’s and California’s energy policies is not the appropriate objective.¹³ The Commission should not seek to align the successor tariff with other policies that have been issued without properly evaluating the cost of behind-the-meter (“BTM”) generation. CalWEA previously noted that the 20 GW of added BTM solar in the Commission’s adopted Reference System Plan overlooks the fact that this capacity was

⁷ TURN at 4-5.

⁸ CalSSA at p. 3.

⁹ This propose principle states: “A successor shall ensure that the total benefits to all customers and the electrical system are approximately equal to or greater than the total costs.”

¹⁰ CUE at p. 5.

¹¹ TURN at pp. 5-6.

¹² Cal Advocates at pp. 5-6.

¹³ The proposed principle on this point is: “A successor shall be aligned with the Commission and California’s energy policies, including but not limited to Senate Bill 100 (2018, De Leon), the Integrated Resource Planning process, and the Title 24 Building Energy Efficiency Standards.”

assumed; it was not the outcome of any cost-effectiveness analysis.¹⁴ Likewise, as noted by TURN, the CEC’s Title 24 standards regarding PV systems on new residential buildings (which assumed the continuation of the NEM 2.0 tariff) should be re-evaluated in view of the new tariff structure adopted in this proceeding. Therefore, if this proposed principle is retained at all, it should be revised as suggested by TURN or the Joint IOUs.¹⁵

Value of customer-sited generation. As advocated by many parties, the Commission should clarify that the value of customer-sited renewable generation should be maximized for all customers and to the electric system, not just to the solar customer.^{16, 17}

Finally, CalWEA supports these additional principles proposed by other parties:

- Cal Advocates’ and TURN’s proposed additional principle to adopt and implement the needed reforms expeditiously, given the enormous, ongoing cost-shift that must be corrected as soon as possible to protect non-participating, especially low-income, customers.¹⁸
- The additional principles proposed by the Joint IOUs, which would: assess and understand the costs and benefits associated with participation in current NEM tariffs to inform the development of the successor tariff; provide transparency regarding any subsidies of rooftop solar, considering various federal as well as state incentives; and ensure consistent and transparent regulations for NEM customers among LSEs to ensure neutrality among service providers.¹⁹

¹⁴ CalWEA Reply Comments on Proposed Decision on OIR at p. 4 (10-13-20).

¹⁵ Joint IOUs at p. 8; TURN at p. 8.

¹⁶ The proposed principle on this point is: “A successor shall maximize the value of customer-sited renewable generation.”

¹⁷ Cal Advocates at p. 8, CUE at p. 6, Joint IOUs at p. 9, NRDC at p. 6, TURN at p. 9.

¹⁸ Cal Advocates at p. 8, TURN at p. 9.

¹⁹ Joint IOUs at pp. 9-12.

Respectfully submitted,

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***On behalf of the California Wind Energy
Association***

December 11, 2020

VERIFICATION

I, Nancy Rader, am the Executive Director of the California Wind Energy Association. I am authorized to make this Verification on its behalf. I declare under penalty of perjury that the statements in the foregoing copy of “Reply Comments of the California Wind Energy Association on Guiding Principles for Successor Tariff for Net Energy Metering” are true of my own knowledge, except as to the matters which are therein stated on information and belief, and as to those matters I believe them to be true.

I declare under penalty of perjury that the foregoing is true and correct.

Executed on December 11, 2020, at Berkeley, California.

/s/ Nancy Rader _____
Nancy Rader
Executive Director
California Wind Energy Association