BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Develop a Successor to Existing Net Energy Metering Tariffs Pursuant to Public Utilities Code Section 2827.1, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 14-07-002 (Filed July 10, 2014)

CLEAN COALITION COMMENTS ON PARTY PROPOSALS

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I. INTRODUCTION

Through Rulemaking 14-07-002, the California Public Utilities Commission ("Commission") will develop a successor to the existing net energy metering ("NEM") tariff for eligible customer-generators. On June 4, 2015, Administrative Law Simon issued the Ruling Seeking Party Proposals for the Successor Tariff or Contract, and on June 24, 2015, Commissioner Picker issued the Ruling Granting in Part Motion of The Alliance for Solar Choice and Revising Procedural Schedule. Pursuant the Rulings, the Clean Coalition submits the following comments on parties' proposals that were submitted on August 3, 2015. The brief comments outline the Clean Coalition's general positions regarding the NEM successor tariff.

The Clean Coalition is a nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement and interconnection of distributed energy resources ("DER")—such as local renewables, advanced inverters, demand response, and energy storage—and we establish market mechanisms that realize the full potential of integrating these solutions. The Clean Coalition also collaborates with utilities and municipalities to create near-term deployment opportunities that prove the technical and financial viability of local renewables and other DER.

II. COMMENTS

The Clean Coalition generally supports two main principles regarding the design of the NEM successor tariff. First, customers should not be penalized for reducing the energy they buy from a utility through the imposition of a fixed charge. Second, customers should receive a fair price for the energy they export to the utility. In line with these principles, the Clean Coalition supports the following positions advanced through parties' proposals, respectfully urging the Commission to:

- Allow NEM participants to self-generate behind the meter to avoid both purchasing energy at the retail rate and impacting the grid;
- Apply retail time-of-use ("TOU") rates to all NEM participants;
- Utilize a time-of-delivery feed-in tariff ("FIT") for all energy exported to the utility grid;
- Apply an adder to the FIT as needed to fulfill the statutory "sustainable growth" requirement;
- Reflect capacity costs or demand charges in the TOU rate; and
- Deny proposals to consider a separate fixed charge or minimum bill for NEM participants.

Additionally, in assessing proposals, the Clean Coalition supports Sierra Club's third base case, which assumes California will meet its electric vehicle, Zero Net Energy homes, and 50% Renewable Portfolio Standard ("RPS") goals.

Allowing for behind-the-meter self-generation will provide the greatest value to the distributed generation ("DG") owner and the grid because this energy does not utilize the utilities' infrastructure. The financial incentive that this provides to NEM participants will increase the deployment of privately financed DG. This will also increase the development and use of associated DER and MC2 installations that optimize the integration of these resources—further benefiting both customers and the grid.

Compensation for exported energy should take into account the full value that the energy provides to the grid, and the Clean Coalition supports TURN's Value of Distributed Energy Tariff ("VODE") to accomplish this goal. Time-of-delivery should also be factored into the valuation. The overall sum should include the value provided by exported energy, as well as option value, hedge value, marginal cost of procurement, RPS and Renewable Energy Credit qualification, aggregate Resource Adequacy Net Qualifying Capacity and local capacity value, and congestion and loss savings.[1]

One important component of this valuation should be avoided transmission access charges ("TACs"). However, existing CAISO policy requires that all electricity delivered to customers of the investor-owned utilities be fully charged for TACs, regardless of whether the electricity travelled over transmission lines or not. Electricity that does not utilize transmission lines should not be charged TACs, and the Clean Coalition is seeking to adjust this policy. The Commission should also be aware of how this will affect the successor NEM program. Self-generated energy consumed behind the meter avoids TACs, but all energy flowing through the meter is subject to the additional charges. Therefore, energy exported and credited through retail rate NEM credits does not avoid TACs—highlighting the need to consider how energy is metered and credited under the successor tariff.

To ensure that customer-sited renewable DG "continues to grow sustainably" as required by statute, the Commission should create a transparent adder, such as TURN's proposed Distributed Generation Adder.[2] The adder can reflect grid services and societal values that DG provides. Additionally, the Commission can adjust the adder for particular contexts to incent different system configurations or to balance deployment geographically or socially. The Commission should also periodically adjust the adder to reflect market response.

Overall, compensation rates for energy exported to the grid should be clear, reliable, and predictable. All parties benefit from long-term price stability in the range of approximately 20 years. Greater deployment of customer-sited DG will occur when customers have confidence in the payback value of an investment in PV and other DER. A reasonable degree of predictability should be sought for all charges and credits,

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[1] In the Demand Response proceeding, Rulemaking 13-09-011, the Load Modifying Demand Response Valuation Working Group submitted a Compliance Report recommending methods for valuing these benefits of DER. Load Modifying Resource Demand Response Valuation Working Group Compliance Report (May 1, 2015) (filed in Rulemaking 13-09-011: Order Instituting Rulemaking to Enhance the Role of Demand Response in Meeting the State's Resource Planning Needs and Operational Requirements), *available at* http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M152/K289 /152289927.pdf.

[2] CAL. PUB. UTIL. CODE § 2827.1(b)(1).

including interconnection and ongoing charges, the value of offset consumption, and the value offered for exported energy.

The Commission should reject all proposals to impose a fixed charge on NEM participants. A surcharge for self-generation would be similar to requiring a surcharge for energy efficiency and should be avoided. If the Commission considers a minimum bill, it should be evaluated for its impact on DG deployment and kept low enough to avoid discouraging uptake.

Finally, the Clean Coalition respectfully urges the Commission to consider an additional NEM scenario that would provide a solution to extend the program to non-owner occupied properties. The Commission should consider allowing these properties to interconnect on the wholesale side of the meter. The property owner could then contract directly with the utility under a NEM tariff, and the property could function as a sort of microgrid with sub-metered tenants.

III. CONCLUSION

The Clean Coalition appreciates this opportunity to comment on party proposals for the NEM successor tariff.

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