

**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 REPLY COMMENTS ON PROPOSED DECISION ADOPTING  
SUCCESSOR TO NET ENERGY METERING TARIFF**

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January 15, 2016

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Pursuant to Rule 14.3 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) and the December 15, 2015, *Administrative Law Judge’s Ruling Extending Time to Submit Comments and Reply Comments on Proposed Decision*, the Clean Coalition respectfully submits these reply comments on the *Proposed Decision Adopting Successor to Net Energy Metering Tariff* (“PD”), dated December 15, 2015.

**I. INTRODUCTION**

The Clean Coalition strongly supports the PD and the Commission’s continued work to ensure that customer-sited renewable distributed generation continues to grow sustainably under the net energy metering (“NEM”) successor tariff. In response to opening comments filed by parties, these reply comments respectfully urge the Commission to: (1) reject the joint utility proposal for being submitted at an improper stage in the proceeding; (2) reaffirm that systems larger than 1 megawatt that pay for all interconnection costs and upgrades under Rule 21 will not have a significant impact on the distribution grid; (3) direct the utilities to allow public and private sector customers, the owners of solar arrays, and the utilities to execute interconnection agreements together; and (4) ensure that customer-sited renewable distributed generation continues to grow sustainably.

## II. REPLY COMMENTS

### *a. Joint utility proposal*

The joint utility proposal attempts to introduce new information into the record at an improper time. Rule 14.3(c) provides that comments on a proposed decision “shall focus on factual, legal or technical errors . . . . Comments which fail to do so will be accorded no weight.” Allowing the utilities to introduce new evidence into the record without providing parties an adequate opportunity to comment is unfairly prejudicial. The Clean Coalition supports a transition to fixed, predictable payments for exported energy. But if the Commission wishes to explore this option now, it should initiate a public process to determine the both the full value of rooftop solar and the pricing necessary to maintain sustainable growth in the market, as required by statute. At this late stage in the proceeding, such an exercise would cause significant delay while offering a limited opportunity to produce accurate results. The Commission rightly recognized this in the PD: “Based on the analytic tools and information currently available for use by the Commission, it is not possible to come to a comprehensive, reliable, and analytically sound determination of the benefits and costs of the NEM successor tariff to all customers and the electric system.”<sup>1</sup> Therefore, the Commission should not consider the joint utility proposal.

### *b. Systems larger than 1 megawatt*

The Clean Coalition supports the section of the PD extending eligibility for the NEM successor tariff to customer-sited facilities larger than one megawatt in size.<sup>2</sup> Southern California Edison (“SCE”) claims that the PD “erroneously assumes that the requirement to pay for all interconnection costs means that projects will not have a significant impact on the distribution grid.”<sup>3</sup> However, SCE provides no evidence for their position. It is unclear how a project could have an impact on the grid once a

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<sup>1</sup> *Proposed Decision Adopting Successor To Net Energy Metering Tariff* at 115, R.15-12-012 (Dec. 28, 2015).

<sup>2</sup> *Id.* at 116–17.

<sup>3</sup> *Southern California Edison Company’s (U 338-E) Comments on Proposed Decision Adopting Successor to Net Energy Metering Tariff* at 11 (Jan. 7, 2016).

developer pays for and completes all necessary grid upgrades. Triggering grid upgrades is an appropriate signal of whether a project's impact on the distribution grid could be considered significant, but after a project has paid for all costs and upgrades under Rule 21, it should be considered to have appropriately mitigated any such impact. The Commission should therefore allow these projects to participate in NEM as required by statute.<sup>4</sup>

The Clean Coalition would also like to take this opportunity to expand upon recommendations made in opening comments on the PD. The Clean Coalition previously urged the Commission to direct the utilities to extend the availability of interconnection agreements signed by the customers themselves to all public entities.<sup>5</sup> This change to the interconnection agreements was previously needed after the Commission granted the California Department of Corrections and Rehabilitation an exemption from the 1 MW limit on NEM system sizes, and a number of prisons in Pacific Gas and Electric's and SCE's service territories installed additional systems adding to existing on-site generation capacity.<sup>6</sup> Upon further review, the recommendation should be expanded to allow private-sector customers to expand their solar resources to meet onsite load as well. Public entities may uniquely have requirements for third parties to bid on and subsequently own solar installations, but private sector customers may confront similar circumstances as financing arrangements have allowed third-party owned systems to proliferate. Therefore, the Commission should direct the utilities to allow public and

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<sup>4</sup> CAL. PUB. UTIL. CODE § 2827.1(b)(5) ("Allow projects greater than one megawatt that do not have significant impact on the distribution grid to be built to the size of the onsite load if the projects with a capacity of more than one megawatt are subject to reasonable interconnection charges established pursuant to the commission's Electric Rule 21 and applicable state and federal requirements.").

<sup>5</sup> *Clean Coalition Comments on Proposed Decision Adopting Successor to Net Energy Metering Tariff* at 5 (Jan. 7, 2015).

<sup>6</sup> Pac. Gas & Elec. Co., Advice Letter 4724-E Re: Deviations to the Filed Forms 79-978, and 79-992 Interconnection Agreements, to Implement the Provisions of Senate Bill 862 and Schedule NEM for the California Department of Corrections and Rehabilitation (Oct. 16, 2015); S. Cal. Edison, Advice Letter 3221-E Re: Deviations to Forms 14-744, Customer Generation Agreement, and 16-344, Southern California Edison Company Net Energy Metering and Renewable Electrical Generating Facility Interconnection Agreement, to Implement the Net Energy Metering Provisions of Senate Bill 862 for the California Department of Corrections and Rehabilitation (May 15, 2015).

private sector customers, the owners of solar arrays, and the utilities to execute interconnection agreements together.

*c. Ensuring that customer-sited renewable distributed generation continues to grow sustainably*

The utilities claim that the solar industry is mature and policy support under NEM is therefore no longer necessary to meet the statute's mandate to ensure that "customer-sited renewable distributed generation continues to grow sustainably."<sup>7</sup> The extension of the Investment Tax Credit ("ITC") allegedly provides evidence that the industry will be able to continually grow unhindered. However, passage of the ITC by a gridlocked Congress should instead provide evidence that the federal government recognized the need to provide additional subsidies to the sector. Just as the ITC extension was necessary to ensure a healthy solar industry, a well-structured NEM successor tariff is needed to meet the statute's sustainable growth requirement.

An unfavorable NEM successor tariff would have severe consequences for both customers and California's solar industry. Technological advancements and efficiencies of scale have lowered panel costs to the benefit of both customers and the solar industry, but these gains will be difficult to continue if a sharp decline in output results from the successor NEM tariff. If the market substantially retracts, it would not be possible to simply ramp up production again and continue to realize the rate of progress seen thus far.

While California has seen steady price declines with market expansion, average installed costs remain substantially higher in the United States relative to other major markets like Germany and Japan. California needs both the opportunity and incentives to realize the same market efficiencies seen in these more mature markets.<sup>8</sup> German prices

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<sup>7</sup> CAL. PUB. UTIL. CODE § 2827.1(b)(1). *See, e.g., Southern California Edison Company's (U 338-E) Comments on Proposed Decision Adopting Successor to Net Energy Metering Tariff* at 1 (Jan. 7, 2016); *San Diego Gas & Electric Company (U 902 E) Comments on Proposed Decision* at 5 (Jan. 7, 2016); *Pacific Gas and Electric Company's (U 39 E) Opening Comments on the Proposed Decision Adopting a Successor to the Net Energy Metering Tariff* at 2 (Jan. 7, 2016).

<sup>8</sup> *See* Jürgen Weiss, The Brattle Group, *Solar Energy Support in Germany: A Closer Look* (July 2014), available at <http://act.seia.org/ea-action/action?ea.client.id=1865&ea.campaign.id=30611>; Joachim Seel et al., Lawrence Berkeley Nat'l Lab., *Why Are PV Prices in Germany Lower Than*

have seen rapid declines year-to-year in response to stronger than anticipated market interest. Energy prices for rooftop systems up to 1 megawatt have declined from 18¢/kWh in 2012 to under 12¢/kWh today. These projects do not benefit from the ITC or advanced depreciation allowances available to comparable U.S. installations, which would allow pricing based on comparable costs to be below 7¢, and even lower when adjusted for differences in solar resources. While it is clear that U.S. costs have the potential to follow German efficiencies, the differences occur largely in soft costs—some of which are regulatory, but most of which are market driven.

The PD prudently takes a middle ground—slowly changing the NEM structure and leaving ample time for the industry to react. The PD also recognizes that major changes should not occur at the same time. The transition to time-of-use (“TOU”) rates is underway in California, which will undoubtedly affect the economics of rooftop solar. The PD implements the shift to TOU rates more quickly for NEM customers, but it also delays consideration for a larger overhaul of NEM until 2019, when more certainty will exist regarding residential rates and the true value of rooftop solar. This stepwise approach to reforming the NEM tariff will allow the solar industry to react and ensure that rooftop solar continues to grow sustainably.

### III. CONCLUSION

The Clean Coalition appreciates this opportunity to respond to parties’ opening comments on the PD and supports the Commission’s continued work on the NEM successor tariff.

Respectfully submitted,



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Dated: January 15, 2016

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in the United States?: A Scoping Analysis (Feb. 2013), available at [https://emp.lbl.gov/sites/all/files/german-us-pv-price-ppt\\_0.pdf](https://emp.lbl.gov/sites/all/files/german-us-pv-price-ppt_0.pdf).

## VERIFICATION

I am the attorney for the Clean Coalition in this matter and am authorized to make this verification on its behalf. I have read the foregoing CLEAN COALITION REPLY COMMENTS ON PROPOSED DECISION ADOPTING SUCCESSOR TO NET ENERGY METERING TARIFF, dated January 15, 2016. The statements in the foregoing document are true of my own knowledge, except as to matters that 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 January 15, 2016, in San Francisco, California.

Respectfully submitted,



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