

**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

Rulemaking 20-08-020
(Filed August 27, 2020)

**CLEAN COALITION OPENING COMMENTS ON JOINT ASSIGNED
COMMISSIONER'S SCOPING MEMO AND ADMINISTRATIVE LAW JUDGE
RULING DIRECTING COMMENTS ON PROPOSED GUIDING PRINCIPLES**

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I. INTRODUCTION

Pursuant to Rule 6.1 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”) the Clean Coalition respectfully submits these opening comments in response to the Joint Assigned Commissioner’s Scoping Memo and Administrative Law Judge Ruling Directing Comments on Proposed Guiding Principles, issued on November 19, 2020. The Clean Coalition appreciates the proposed list of guiding principles to help focus the discussion on NEM and evaluate proposals for the optimal solution. The current list effectively considers the need for equity, growth of renewable resources among all communities, and alignment with state energy policies, which appears to balance the needs of an ideal program. Drafting a NEM successor tariff is going to be an arduous process, especially given the shortened timeline, which will attempt to have a final tariff for the Commission to consider by mid-2021.

II. DESCRIPTION OF PARTY

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, demand response, and energy storage — and we establish market mechanisms that realize the full potential of integrating these solutions for optimized economic, environmental, and resilience benefits. The Clean Coalition also collaborates with utilities, municipalities, property owners, and other stakeholders to create near-term deployment opportunities that prove the unparalleled benefits of local renewables and other DER.

III. COMMENTS

1. Guiding Principles

- a. The guiding principles should remove the word “continues” from the first guiding principle about sustainable growth of renewable generation.**

The Clean Coalition believes it is essential that there is sustainable growth of renewable generation throughout California, especially in low-income and historically disadvantaged communities where environmental justice is essential to achieve equity. However, the use of the word “continues” suggests that previous iterations of NEM have promoted sustainable growth in all communities, which is not necessarily the case. As currently phrased, the guideline imposes a lower bar for a final successor tariff than should be acceptable because it promotes the assumption that making small changes to the NEM 2.0 tariff could be enough to achieve a tariff design sufficient to promote sustainable growth of renewable generation. This might actually stifle the conversation about developing creative solutions rather than guiding the proceeding towards achieving the ideal solution for all ratepayers. The NEM 2.0 lookback study will make it clear how the program has stimulated growth and help determine the types of changes that need to be made. Thus, without the inclusion of the word “continues” in the guideline, everything is open for discussion, including retail rates, non-bypassable charges, and procurement methods (e.g. a Feed-In Tarff).

- b. The guideline about cost-benefit analysis should include the phrase “on the distribution and transmission grid” at the end of the sentence.**

A cost-benefit analysis should consider both benefits to the distribution grid and benefits from avoided energy on the transmission system. Locally generated energy has multiple benefits to the distribution grid — including resilience and preparing for Community Microgrids — that should be considered when discussing the NEM successor tariff. As a result, it is important to make sure that the NEM successor tariff does not impose transmission access charges (TAC) — which artificially distort the true value of DER — on generation sources that will not utilize the transmission system. In addition, it is important to consider that relying on a higher percentage of energy generated on the transmission system means slightly reducing the amount of congestion on a given transmission node, which should be calculated. Moreover, the 2020 update to the Avoided Cost Calculator acknowledged that DER avoids the need for additional transmission

infrastructure, a value that should be credited in discussions about the value of NEM.

c. The guideline about the Commission and California’s energy policies should include the phrase, “achieving electrification” or “accelerating the transition to electrification”.

In opening comments on the OIR¹ as well as at the pre-hearing conference², the Clean Coalition advocated for the inclusion of a guideline that represents the overarching state goals of electrification. The successor NEM tariff will have an enormous impact on the way that California achieves electrification and mitigates the costs that are imposed on ratepayers, especially those in low-income and disadvantaged communities, in the process. Beyond simple aligning with energy goals, NEM will be the program that makes them possible. A few examples include:

- **Solar Mandate:** As mentioned in the guideline, Title 24 of the California Building Energy Efficiency Standards requires all new housing constructions to install rooftop solar, which is difficult to size given the lack of annual load calculations. Developments that choose to electrify after completing the initial construction process will find it difficult to deploy increased amounts of generation allowed under NEM as the load increases — especially due to added costs — unless the successor tariff includes a mechanism to make it feasible for all consumers.
- **Vehicle Electrification:** Governor Newsom’s ban on gasoline-powered vehicles by 2035 aims to stimulate the market for electric vehicles, which will in turn increase the amount of electricity consumed by ratepayers. In addition to skyrocketing bills from rising rates of energy consumption, transportation electrification will increase the amount ratepayers have to pay in non-coincident demand charges, which already can represent up to 50% of a monthly electricity bill. The NEM successor tariff should consider changing how demand charges are applied or providing options for overgeneration in anticipation of electrification.
- **Zero Net Energy facilities:** California is requiring all new commercial facilities to achieve Zero Net Energy by 2030, with requirements for retrofits of existing buildings also

¹ Clean Coalition OIR Opening Comments at page 3

² Pre-hearing Conference Transcript at page 62-63

beginning that same year.³ Preparing to make that happen through allowances in the NEM successor tariff should be a priority considering it is one of the most widespread programs Californians will use to achieve these climate goals.

- Annually increasing electricity bills: In 2020, SCE requested the largest rate residential rate increase in California history; arguably it will not be the last time such a rate increase is considered. For ratepayers, the combination of increasing rates and electric loads amounts to a worrisome financial burden. For low-income customers enrolled in the California Alternate Rates for Energy (CARE) program, a discounted energy bill comes at the cost of reduced compensation in NEM that will not scale up with increased energy bills. While CARE will lessen the monetary increase on a monthly electricity bill, even a smaller increase in represents a large amount of income that cannot be spent elsewhere.

Arguments about cost-shifting and compensation are essential to create an effective NEM successor tariff but should not preclude discussions about how NEM must be adapted to enable California’s climate goals. Now that such strict legislation has been passed, the regulation should make it feasible rather than simply increasing costs paid by the ratepayers.

d. “A successor shall provide regulatory certainty” guideline principle is too ambiguous to benefit the development of a new tariff.

The guiding principles are meant to provide specific standards to which the proceeding should adhere as a final successor tariff is created. Including the current wording does no such thing; it does not create a benchmark to measure the tariff nor does it differentiate the process of creating the NEM successor tariff from any previous versions, since the point of all regulation is to create regulatory certainty. It appears that the guideline related to equity among customers, technology neutrality, and sustainable growth are all more explicit iterations of what the “regulatory certainty” guideline attempts to achieve.

³ <https://www.cpuc.ca.gov/zne/>

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to comment on the guidelines and believes these amended guidelines will provide the framework to effectively design a successor tariff that will benefit the maximum number of ratepayers.

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