

**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 REPLY 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 reply 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. In many instances, party comments offered similar sentiments and aligned in theory, only differing in the use of a few words, or choosing to break guidelines apart to offer further specificity. The Clean Coalition therefore will use these comments to articulate support for multiple options that will achieve the same goals — creating a framework that will lead to an optimal successor tariff, rather than one that may stifle the discussion of creative solutions. Guidelines that offer clarity through more explicit definitions or request the creation of performance metrics should be considered useful additions, whereas those that attempt to create the anatomy of the tariff — before the actual conversation on policy begins — should be rejected.

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

a. Guideline 1 should be bifurcated to focus greater attention on underserved communities and the definition of “sustainable” clarified.

“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.”

The Clean Coalition agrees with multiple parties that guideline one includes unclear statements that should be clarified. Our opening comments took issue with the phrase “continues” in “continues to grow sustainable”, a phrase that assumes that NEM growth throughout all communities has been occurring and in a sustainable fashion. While parties offer a multitude of solution, the Clean Coalition supports proposals to bifurcate the guideline.¹ Splitting the guideline into two is the best way to ensure that the successor tariff encourages sustainable participation with an increased focus on underserved communities as compared to NEM 2.0. As Vote Solar/SEIA explain in their comments, “the manner in which the draft principle is phrased implies that customer-sited generation in disadvantaged communities is currently growing at a sustainable level – a level which only needs to be maintained by the successor tariff.”² The Clean Coalition concurs that targeted efforts need to be made to guarantee that customers have reasonable access to the successor tariff, which is why splitting the first guideline into two would align with the spirit of the original, but improve it in a way that could be more accurately measured, especially during the selection of part proposals and in the data collection period after the successor tariff is rolled out. The Clean Coalition particularly finds the second guideline Grid Alternatives proposes to replace guideline number one to be effective; “a successor shall prioritize ESJ communities and include specific elements designed for rapid growth to ensure customer-sited renewable generation provides increased economic, health, safety, and resilience benefit to California’s diverse communities.”³ This version not only encompasses the

¹ Grid Alternatives and CALSSA

² SEIA/Vote Solar Opening Comments at 2

³ Grid Alternatives Opening Comments at 3

communities the CPUC should be targeting for growth but also acknowledges the multi-pronged benefits that customer-sited renewables can offer, creating metrics through which the successor tariff should be measured. Discussions of NEM should include the increased resilience, to both individual facilities as well as communities, both of which will be increased as the use of DER aggregation increases.⁴

The second debate surrounding the first guideline is the definition of “sustainable”. Cal Advocates, NRDC, the Coalition of California Utility Employees, and the Joint Utilities all request that a more specific definition be provided to offer a metric that will determine if the successor has met the criteria of “sustainable growth”. Clarifying the meaning of “sustainable” should occur in addition to bifurcating the guideline as discussed above. Because the Clean Coalition requested removal of the word “continues” in opening comments, we agree with the Joint Utilities that the most fitting replacement would be the phrase, “in a sustainable manner”, combined with including the Participant Cost Test as a performance metric.⁵ While the Participant Cost Test should not be the sole determining factor of the sustainability of the successor tariff, it will help ascertain levels of consumer demand.

b. Guideline 2 should list the benefits to ensure that all costs and benefits are considered.

“A successor shall be chosen based on the costs and benefits of the renewable electrical generation facility.”

Clean Coalition opening comments requested that guideline 2 include benefits to the entire electrical system, including both the transmission and the distribution system, which other parties concurred with, though using different language. Net Metering should mean the total costs and benefits, not anything cherry picked to make NEM project appear more costly than they actually are. We support PCF’s inclusion of six criteria through which the costs and benefit evaluation should be determined.⁶ The first three relate to greenhouse gas reductions (and particulate matter reduction), are important and the last three relate to specific grid benefits: reduced transmission

⁴ The IDER DER Deferral tariff will greatly increase the number of BTM NEM-eligible resources used to provide grid services.

⁵ Joint IOU Opening Comments at 5

⁶ Protect of Communities Foundation (“PCF”) Opening Comments at 6

congestion, reduced distribution congestion, and reduced peak/net peak demand. It is essential to include each of these three metrics along with the guideline because it offers a method to ensure that the full range of benefits that NEM projects offer. Opening comments have made it abundantly clear that the full range of costs must be reflected in amended NEM compensation rates and yet the same consideration is not being given to the benefit; parties are already requesting that the Avoided Cost Calculator not be considered in discussions about the NEM successor tariff.⁷ Thus, just as it is essential to define sustainable in guideline 1, it is necessary to provide metrics through which the true value of NEM project can be ascertained.

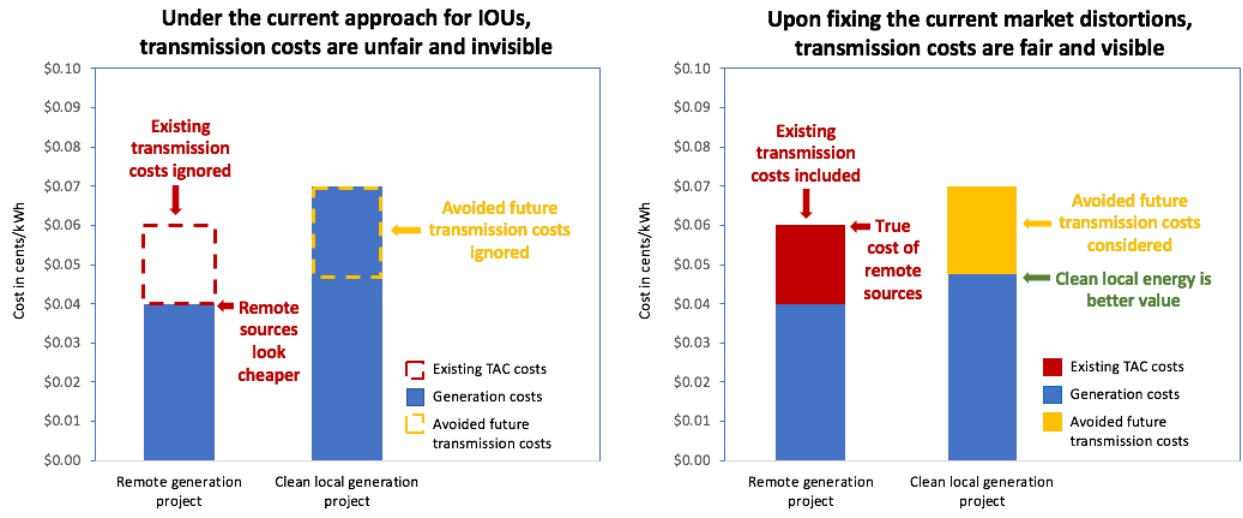
c. Guideline 3 is clear as is and should not list out policy priorities to be included in the tariff.

“A successor shall ensure equity among customers and enhance consumer protections measures.”

The Clean Coalitions strongly disagrees with request of the Coalition of California Utility Employees to list fixed charges, requirements for compensation using the wholesale rate, and structured volumetric charges as part of guideline three.⁸ All of these suggestions are desires for the makeup of the final tariff and do not have to do with the creation of guidelines. Thus, they should be considered out of scope for this comment period. Moreover, equity also has to do with charging energy based on the technology it uses and the path it travels. NEM energy only uses the distribution grid, meaning there is no reason that it should be charged volumetric Transmission Access Charges.

⁷ Joint IOU Opening Comments at 4 and Coalition of California Utility Employees at 3

⁸ Coalition of California Utility Employees at 4-5



As demonstrated by the graph above, Transmission Access Charges create a market distortion, artificially raising the price of DER by 3¢/kWh when compared to remote generation. If applied to NEM project as part of the successor tariff, despite the fact that NEM project do not utilize the transmission grid, it would decimate the economics of NEM-eligible technologies, reducing equity and any hope of sustainable growth.

d. Guideline 5 should be amended to apply more closely to the PUC statute by removing the phrase “or greater”

“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.”

As PCF mentions in opening comments, this guideline comes straight from § 2827.1 and amending the guideline in this way would be going against the expressed intent of the legislature. NEM was never expected to have lower total costs to the system than benefits, it was focused on developing renewable resources. This is especially true in a time when Community Microgrids have yet to be deployed widely throughout the state and community resilience is still in its infancy. The seeds that have been planted through previous NEM tariffs and will be planted through the NEM successor tariff will have increased benefits not yet accounted for today.

e. Guideline 6 should be amended according to the suggestion of the Joint Utilities.

“A successor shall be technology neutral.”

The Clean Coalition agrees with the suggestion of the Joint Utilities to reword guideline 6 to “a successor tariff shall fairly consider all eligible technologies,” to ensure that technology neutral applies to all renewable technologies. The Joint IOUs are keen to point out that sustainable growth should be prioritized; if this guideline might conflict at the outset of this proceeding, it would be beneficial to reword guideline 6 to keep the spirit, while allowing the two to coexist.

f. Guideline 7 should include a reference to electrification.

“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.”

Parties agree with the sentiment the Clean Coalition offered in opening comments that NEM is essential to electrification and should enable electrification.⁹ The Clean Coalition also agrees with including references to California Executive Order B-55-18 to include the importance of decarbonization.

g. Guideline 8 should clarify regulatory certainty or be removed.

“A successor shall provide regulatory certainty.”

Multiple parties asked clarification for regulatory certainty; the Clean Coalition maintains that it is not necessary and if not clarified, believes it is acceptable to remove it all together.

h. There should be a guideline about energy storage.

It is important that the CPUC takes the opportunity of creating a successor tariff to further prioritize energy storage, both in terms of local resilience, community resilience, and potential grid benefits. Energy storage is essential for the deployment of Community Microgrids and should be subsidized, especially in underserved communities. We support CALSSA’s proposed energy storage guideline, though it might be more beneficial to include the phrase “promote energy storage” rather than not discouraging energy storage.¹⁰

IV. CONCLUSION

⁹ NRDC Opening Comments at 5.

¹⁰ CALSSA Opening Comments at 5.

The Clean Coalition appreciates the opportunity to submit these reply comments and believes when amended, they will create the framework to optimize the NEM successor tariff.

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