

Docket No.: R.20-08-020

Exhibit No.: CLC-01

Date: July 16, 2021

Witness: Ben Schwartz

**PREPARED REBUTTAL TESTIMONY OF BEN  
SCHWARTZ ON BEHALF OF THE CLEAN  
COALITION**

## **Table of Contents**

I.	INTRODUCTION.....	1
II.	STATEMENT OF QUALIFICATIONS .....	1
III.	ISSUE 2: What information from the Net Energy Metering 2.0 Lookback Study should inform the successor and how should the Commission apply those finding in its consideration?.....	2
IV.	ISSUE 3: What method should the Commission use to analyze the program elements identified in Issue 4 and the resulting proposals, while ensuring the proposals comply with the guiding principles?.....	2
V.	ISSUE #4: What program elements or specific features should the Commission include in a successor to the current net energy metering tariff. ....	3
VI.	ISSUE #5: Which of the analyzed proposals should the Commission adopt as a successor to the current net energy metering tariff and why? What should the timeline be for implementation? .....	6
VII.	ISSUE #6: Other issues may arise related to current net energy metering tariffs and subtariffs, which include but are not limited to the virtual net energy metering tariffs, net energy metering aggregation tariff, and the Renewable Energy Self-Generation Bill Transfer.....	6
VIII.	CONCLUSION.....	7



1 **I. INTRODUCTION**

2 Pursuant to Administrative Law Judge Hymes’ ruling, the Clean Coalition submits this  
3 rebuttal testimony on party proposals for the net energy metering Successor Tariff.

3 **II. STATEMENT OF QUALIFICATIONS**

1 **Q: Please state your name, position, and business address for the record.**

2 **A:** My name is Ben Schwartz. I am policy manager for the Clean Coalition, a 501(c)(3)  
3 non-profit. My business address is 1800 Garden Street, Santa Barbara, CA 93101.

4  
5 **Q: Please describe your professional background**

6 **A:** I graduated from UCSB 2020 with a b.a. in History of Public Policy and  
7 Environmental Studies. I began my work with the Clean Coalition before graduating from  
8 university, starting full time as a policy associate in the summer of 2020 and receiving the  
9 title of Policy Manager during the winter of 2020. I am in charge of all regulatory work the  
10 Clean Coalition does and have intervened on behalf of the Clean Coalition at CAISO,  
11 CARB, the CPUC, the CEC, and FERC.

12  
13 **Q: On whose behalf are you testifying in this proceeding.**

14 **A:** I am testifying on behalf of the Clean Coalition. The Clean Coalition is a nonprofit  
15 organization whose mission is to accelerate the transition to renewable energy and a  
16 modern grid through technical, policy, and project development expertise. The Clean  
17 Coalition drives policy innovation to remove barriers to procurement and interconnection of  
18 distributed energy resources (“DER”) — such as local renewables, demand response, and  
19 energy storage — and we establish market mechanisms that realize the full potential of  
20 integrating these solutions for optimized economic, environmental, and resilience benefits.  
21 The Clean Coalition also collaborates with utilities, municipalities, property owners, and  
22 other stakeholders to create near-term deployment opportunities that prove the unparalleled  
23 benefits of local renewables and other DER.

24  
25 **Q: Have you previously testified on behalf of the Clean Coalition before the**  
26 **California Public Utilities Commission?**

27 **A:** No, I have not previously testified before the California Public Utilities Commission.  
28

29 **Q: Are the statements made in your testimony true and correct to the best of your**  
30 **knowledge and belief?**

31 **A:** Yes.  
32

33 **Q: To the extent that this submitted testimony contains any opinions, do they**  
34 **represent your best judgement as a professional?**

35 **A:** Yes.

36

37 **Q: Do you have anything further to state for the record?**

38 **A:** No, this concludes my statement of qualifications.

1 **III. ISSUE 2: What information from the Net Energy Metering 2.0 Lookback Study**  
2 **should inform the successor and how should the Commission apply those finding in**  
3 **its consideration?**

4 **A:** I will note that the cost shift in the NEM 2.0 Lookback Study is overstated, in part  
5 because it considers energy used onsite to be a cost to the utility. In no other industry does  
6 not buying from a business result in a direct loss to that business. Instead, on site  
7 consumption essentially serves as energy efficiency since less energy needs to be pulled  
8 from the grid, which is not a cost shift to other rate payers. Moreover, the modeling does  
9 not consider the full 25-year lifetime of a NEM system and the totality of benefits a NEM  
10 customer provides to the grid.

1 **IV. ISSUE 3: What method should the Commission use to analyze the program**  
2 **elements identified in Issue 4 and the resulting proposals, while ensuring the proposals**  
3 **comply with the guiding principles.**

4 **A:** The Commission should analyze the NEM Successor Tariff using the Total Resource  
5 Cost (TRC), Participant Cost Test (PCT), and the Program Administrator (PA) Cost Test,  
6 which have been previously approved by the Commission as frameworks to measure the  
7 value of DER programs. Of the three, the TRC is the only one that holistically considers the  
8 range of benefits that NEM systems provide, which is necessary considering that no  
9 lifetime analysis of NEM systems has been completed up to this point. Specifically, D. 09-  
10 08-026 concludes these three tests — TRC, PCT and PA — are the most applicable to  
11 determine the total value of a distributed generation program and states, “therefore, we will  
12 not require that the RIM Test be performed as part of our DG cost-effectiveness evaluation  
13 efforts.”<sup>1</sup> The Commission did not choose to endorse or reject any test during the NEM 2.0  
14 Tariff development process, in part because the Public Tool guided the analysis, meaning  
15 that the default should be on past Commission precedent. Parties, including TURN, NRDC,  
16 the Joint Utilities, and Cal Advocates all use RIM to determine the costs to participants and  
17 non-participants, but this does not the express intent of the Commission. In fact, the PUC  
18 determined that “to achieve this goal, we will use both the TRC and the Societal variant to  
19 assess costs and benefits of DG to both participants and non-participants, i.e., to

---

<sup>1</sup> D. 09-08-026 at Page 26

20 Californians at large.”<sup>2</sup> Therefore, the previously calculated RIM should not be a  
21 determining factor when analyzing party proposals.

1 **V. ISSUE #4: What program elements or specific features should the Commission**  
2 **include in a successor to the current net energy metering tariff?**

3 **A:** A Successor Tariff should properly allocate costs proportional to the net demand of a  
4 customer taking service under the tariff, while acknowledging the benefits the deployment  
5 of a NEM system brings to the entire grid in addition to the individual customer bill  
6 savings. For this reason, the Clean Coalition opposes party proposals that include fixed  
7 charges to recoup infrastructure costs based on system size. While it has been termed a Grid  
8 Benefits Charge (“GBC”) by its proponents, the fixed fee proposed by The Joint IOUs,  
9 NRDC, Cal Advocates, TURN should more accurately be called a solar Grid Access Fee.  
10 Including such a fee in the Successor Tariff sends a negative price signal to rate payers, that  
11 customers should pay — beyond the cost of interconnection — for the privilege of using  
12 the grid. A GBC goes a step further than other policy tools aimed at promoting self-  
13 consumption and instead acts as a deterrent to the growth of residential NEM, as it  
14 penalizes BTM deployments all together, irrespective of where energy originates or ends  
15 up. As part of the development of a Successor Tariff that is intended to ensure the  
16 sustainable growth of renewable resources there is no reason to include a GBC that sends  
17 the message that it is more beneficial to the grid if a ratepayer does not choose to deploy a  
18 NEM system. The utilities have full measurement capabilities for every electron drawn  
19 from the grid — that is the basis of cost causation — and the size of a NEM PV system has  
20 nothing to do with any cost.

21

22 **Q: Do you have any other concerns with including a GBC?**

23 **A:** Yes, given the components of the proposed GBC there is a real possibility that high  
24 initial fees will skyrocket over the lifetime over the Successor Tariff, creating a price shock  
25 that will be extremely detrimental to customers taking service under NEM 3.0, especially as  
26 electric rates continue to rise. The GBC, composed of a distribution and transmission  
27 component (and a generation charge in the case of the Joint IOU’s proposal, is anything but  
28 transparent since it will only appear as a single line on a customer bill. This leaves no  
29 possibility of predicting how the price might change or any method to determine what is  
30 causing the GBC to increase. Of the proposals that include a GBC, Clean Coalition is only  
31 aware of one proposal, NRDC’s, that locks a fixed GBC in place for any period of time.  
32 However, even the 10-year lock in period mentioned in NRDC’s testimony fails to consider  
33 how prices might sharply increase after the fixed charge period ends and offers no modeling

---

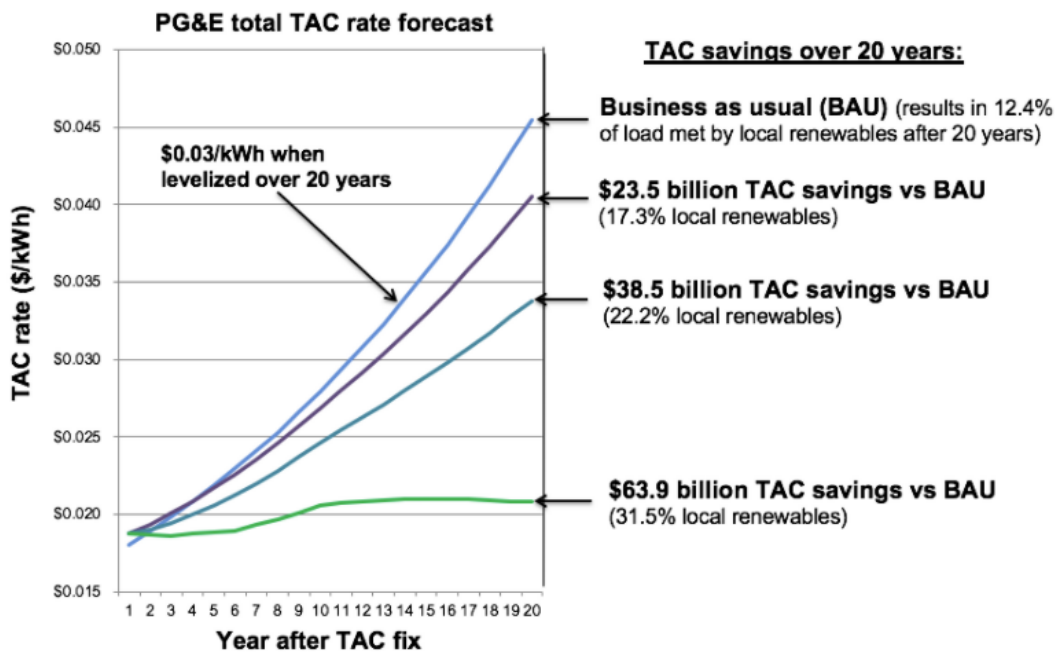
<sup>2</sup> Ibid at Page 28

34 of the GBC throughout the 25-year asset lifetime.<sup>3</sup> Following the initial 10-year period,  
 35 NRDC’s testimony does not appear to suggest any limit on the number of times the GBC  
 36 can be changed, nor does it set any type of maximum charge that can be applied. Given the  
 37 swiftly increasing amount of capital being spent on transmission in the three investor-  
 38 owned utility service territories and the substantial impact it is having on rising electrical  
 39 rates, the GBC will push back the payback period for NEM systems.

40

41 **Q: In their testimony, the Joint IOUs list some of the reasons the avoided**  
 42 **transmission costs NEM systems provide does not actually reduce reliance on the**  
 43 **transmission system. Please respond to this and explain how it relates to the GBC.**

44 **A:** The justification for including a transmission component as part of the GBC is that,  
 45 “new distributed generation customers pay their fair share of transmission,” which is  
 46 problematic because exports from NEM systems never use the transmission system and  
 47 actually end up reducing the need for future transmission buildout due to load growth.<sup>4</sup> In  
 48 2016, the CAISO Board of Governors acknowledged the role that DER can play in avoided  
 49 transmission buildout, which was proven to be correct during the years 2017 and 2018,  
 50 when Californians saved \$2.6 billion in avoided transmission costs.<sup>5</sup> As demonstrated by  
 51 the figure below, an increased penetration of DER can result in significant Transmission  
 52 Access Charges (“TAC”) savings of between \$20 billion and \$64 billion over the next 20  
 53 years depending on the amount of focused investment made in local renewables.



54

55 Distributed generation can address all four main drivers of transmission investment: peak

<sup>3</sup> NRDC Opening Testimony, Lines 16-17 on Page 19

<sup>4</sup> The Joint IOU Opening Testimony, Line 10 on Page 204.

<sup>5</sup> <https://www.utilitydive.com/news/efficiency-ders-saving-26b-in-avoided-transmission-costs-caiso-says/519935/>

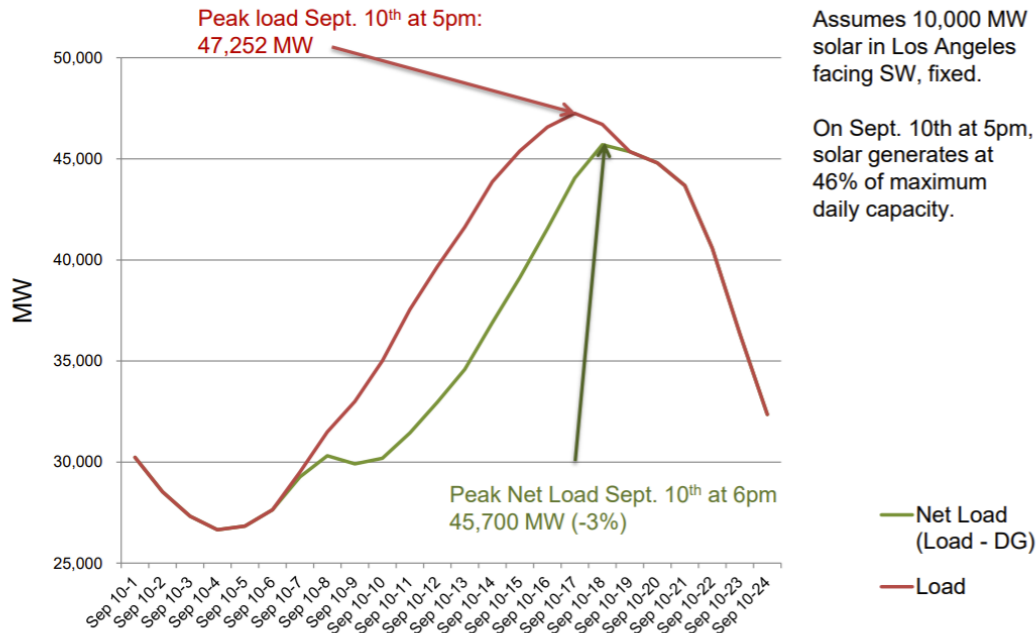
load, reliability, policy, and economics.

56

### 3c. DER reduces all 4 drivers of transmission investment—Peak Load



#### Example DG production during peak load conditions



57

Making Clean Local Energy Accessible Now

28

58 As demonstrated by the slide above, distributed generation lowers the net load, pushing the  
59 peak further into the evening. More importantly, distribution-level resources obviate the  
60 need to rely solely on large scale fossil fuel generation, providing a systemwide benefit by  
61 reducing transmission congestion in the process, which makes the delivery of remote  
62 energy more cost-effective. Reducing congestion and line losses also helps to reduce  
63 marginal costs. When combined with dispatchable storage, DER can provide reliability  
64 services traditionally offered by transmission-dependent resources (e.g., frequency and  
65 voltage stability services under real load conditions). Distributed generation helps to  
66 diversify the utility’s generation portfolio and counts for Local Capacity Requirements  
67 (“LCR”), especially if physically aggregated, or tied into a Community Microgrid or  
68 Virtual Power Plant.

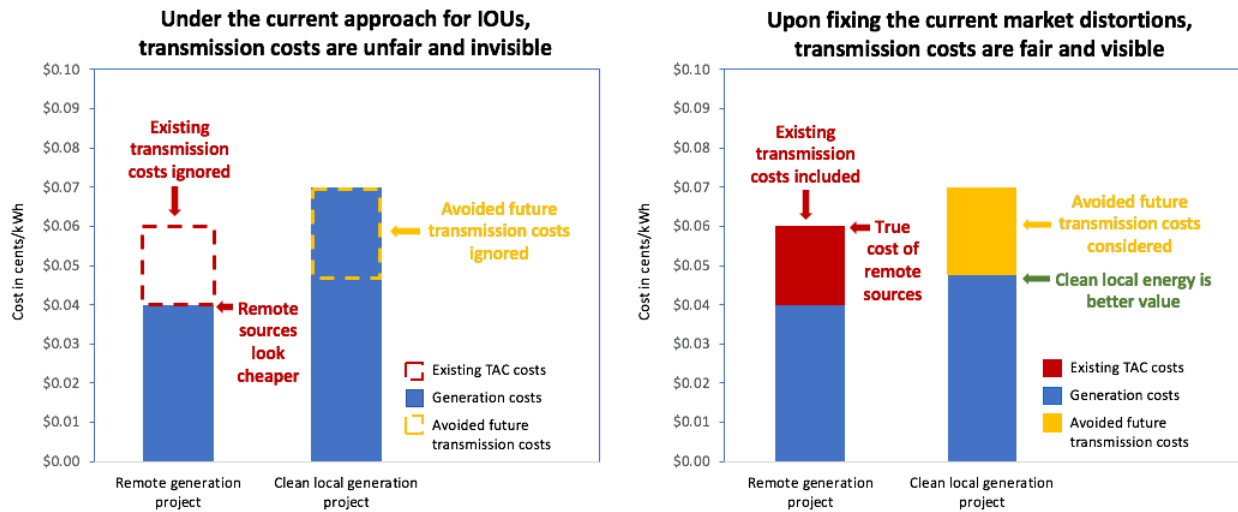
69

70 Thus, party arguments suggesting that NEM systems should pay TAC as part of a GBC  
71 because investments in transmission are necessary regardless of DER penetrations do not  
72 accurately reflect what California has experienced over the last few years. In fact, “New  
73 transmission investment has a much higher impact on TAC than old, due to depreciation



and inflation,” meaning that the value of avoided transmission increases as time passes.<sup>6</sup>

74 To reiterate an important point made in Clean Coalition opening testimony, assessing TAC  
 75 (in the form of a GBC) to NEM customers would increase an existing cost shift.



76 *Existing transmission costs, assessed as TAC and currently averaging 2¢/kWh, should be added to the cost of remote generation that requires use of the transmission grid to get energy from where it is generated to where it is used, which is almost always on the distribution grid where people live and work. Future transmission investments, currently averaging 2.5¢/kWh in the evenings, can be avoided via dispatchable local generation, and that value should reduce the evaluated cost of local generation. When correctly considering ratepayer impacts of transmission costs, dispatchable local generation provides an average of 4.5¢/kWh of better value to ratepayers than is currently assumed in the majority of instances.*

77 Adding 2¢/kWh to the price of clean local energy projects artificially inflates the  
 78 cost of this energy and needlessly hampers industry that has the potential to drive  
 79 economic development for every community in the state. Including a GBC with a  
 80 transmission component would hamper NEM, further perpetuating the existing cost shift by  
 81 increasing the subsidization of transmission infrastructure by distributed generation.  
 82 ensure that everyone pays their fair share, the fix is not to impose TAC on NEM customers  
 83 via a GBC, it is to shift away from forecasting TAC based on gross load and instead,  
 84 properly assess TAC to reflect cost causation associated with each utility’s actual demand.

1 **VI. ISSUE #5: Which of the analyzed proposals should the Commission adopt as a**  
 2 **successor to the current net metering tariff and why? What should the timeline be for**  
 3 **implementation?**

4 **A:** The Clean Coalition reserves the right to discuss this topic further during briefs.

1 **VII. ISSUE 6: Other issues may arise related to current net energy metering tariffs**  
 2 **and subtariffs, which include but are not limited to the virtual net energy metering**

<sup>6</sup> CAISO Presentation: Exploring transmission access charges (December 11, 2017)

3 **tariffs, net energy metering aggregation tariff, and the Renewable Energy Self-**  
4 **Generation Bill Transfer.**

5 **A:** The Clean Coalition supports all three of CALSSA's proposed modifications to VNEM  
6 which will make it easier for an apartment building owner to add new tenants to the billing  
7 process in the event of resident turnover. In addition, due to the importance of VNEM to  
8 low-income adoption of solar PV, the PCF and Ivy Energy proposal for a 10,000 MW  
9 trigger before VNEM 2.0 transitions to the Successor Tariff is reasonable. Clean Coalition  
10 proposals for fixing the export credit flow for NEM-A and a Feed-In Tariff structure for  
11 large NEM systems should also be considered, in part because few if any other party  
12 proposals address changes for these market segments.

1 **VII. CONCLUSION: Do you have anything else to add?**

2 **A:** No, this concludes my rebuttal testimony. I appreciate the opportunity to add to  
3 the debate about crafting a NEM Successor Tariff and will be happy to elaborate  
4 during evidentiary hearings.