

**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 COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW
JUDGE'S RULING SOLICITING REPOSES TO RULING QUESTIONS**

/s/ BEN SCHWARTZ

Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

March 21, 2023

**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 COMMENTS IN RESPONSE TO ADMINISTRATIVE LAW
JUDGE’S RULING SOLICITING REPOSES TO RULING QUESTIONS**

I. INTRODUCTION

Pursuant to Rule 6.2 of the California Public Utilities Commission’s (“the Commission”) Rules of Practice and Procedure of the California Public, the Clean Coalition respectfully submits these comments in response to the *Administrative Law Judge’s (“ALJ”) Ruling Soliciting Responses to Ruling Questions*, issued at the Commission on February 28, 2023. We recommend:

- Continuing to use a VNEM tariff structured around virtual billing.
- The VNEM tariffs should encourage paired storage, with an option for the deployment of single-facility microgrids.
- VNEM and NEMA storage should be allowed to charge prior to grid outages or CAISO flex alerts.
- NEMA customers should receive higher compensation and/or have an option for demand charge reduction.

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

4) Is a “virtual” billing arrangement the best way to comply with the guiding principles of this proceeding with regard to tenants of multi-meter properties?

Clean Coalition supports a successor tariff that continues to use virtual billing.

11) After permission to operate is granted, property owners are able to verify that tenants are being properly credited as they receive information on the generated credits allocated but property owners lack access to the consumption data that would inform them of the net benefits of their systems.⁵ What is a fair and timely process for generating account customers to access a confidential generator/benefiting account report to assess the net benefits of their systems, and if there are existing processes, is there any need for standardization across utilities?

Clean Coalition supports a standardized process across the utilities, if one does not already exist, to ensure that management companies and developers can operate smoothly in any service territory.

13) What new or revised tariff elements would best enable a VNEM successor system with storage to provide grid benefits, bill benefits for tenant accounts, and/or resiliency in case of an outage? Should this apply to the MASH and SOMAH VNEM tariffs?

Clean Coalition believes that all VNEM tariffs should include incentives that will encourage successor systems to deploy paired solar+storage. As was discussed in the initial portion of this proceeding, adding paired storage increases the value that a NEM system provides to the grid by maximizing the potential to time shift energy and reduce peak system demand. VNEM systems provide a similar value, albeit on a greater scale because the deployments are typically much larger than an average NEM system. On the other hand, VNEM-deployments (including MASH and SOMAH) can have quantifiably greater resilience benefits than a standard NEM system. VNEM deployments usually serve disadvantaged population—including renters and low-median income (“LMI”) ratepayers—living in communities where increased resilience and deployments of DER are essential. In addition, from an accounting perspective, a single VNEM deployment provides resilience for multiple meters whereas a NEM system only serves the load behind one meter.

We request that the Commission include a resilience adder/incentive in the VNEM Successor Tariffs, particularly for VNEM systems deployed to benefit LMI customers or ratepayers in disadvantaged communities (“DACs”). Including compensation for the very real resilience that a VNEM solar+storage system provides dovetails with the Commission’s interest in increased deployments of storage, increased DER deployments in DACs, and higher levels of resilience.

Therefore, Clean Coalition also wishes to request that this proceeding outline a pathway for the swift deployment of microgrids at sites with VNEM systems. In Track 2 of the Microgrids proceeding (“R. 19-09-009”), the Commission approved a microgrid tariff for behind-the-meter (“BTM”) microgrids deployed with NEM systems and benefitting a single account.¹ Microgrids deployed with VNEM systems are not eligible for that tariff since they serve multiple meters, making them categorically closer to Community Microgrids than BTM microgrids. Yet, from a grid engineering perspective a VNEM deployment with a microgrid would appear similar to a BTM microgrid—since it is a single solar+storage deployment at once facility (or contiguous parcel)—whereas a Community Microgrid typically spans multiple facilities or an entire distribution area. As a result, discussions on these types of microgrids have fallen to the wayside, despite posing a perfect opportunity to realize the unparalleled economic, environmental, and resilience benefits associated with microgrids without delving into the complexities that come with deploying a true Community Microgrid.

14) Should storage in a VNEM or a VNEM successor tariff arrangement be allowed to charge from the grid prior to Public Safety Power Shutoffs as articulated for NEM-related tariffs in D.20-06-017 Ordering Paragraph 5? Why or why not? If yes, what regulations, technical controls, or other provisions are needed? Should this apply to the MASH and SOMAH VNEM tariffs?

Yes, we believe that like NEM storage, all VNEM and VNEM successor tariff systems should be allowed to charge from the grid prior to a publicly announced outage as well as in the hours leading up to CAISO system flex alerts. Facilities with VNEM deployments have just as much of a need for emergency backup power as individual NEM facilities, especially those that serve a vital function to the community.

24) What fixed costs do NEMA customers currently avoid and how should these fixed costs be recovered from NEMA customers? What are the annual Utilities’ administration costs of NEMA? If non-participating ratepayers should be responsible for these fixed and administrative costs, why?

NEMA systems are only compensated for the rate of energy generated and do not receive any form of reduction in delivery charges/demand charges, which is how most fixed costs are recovered for NEMA customers (e.g., non-residential customers specifically). The Clean Coalition does not presume that costs are being under collected based on the existing tariff or

¹ Decision 21-01-018

that NEMA is causing a cost shift; on the contrary, we believe that the current tariff undervalues the benefits a NEMA system provides (e.g., transmission reduction, avoided costs, non-energy, etc...) and hopes that the Commission will consider increased compensation or, ideally, an option for demand charge reduction. The record in the Demand Flexibility proceeding (“R. 22-07-005”) clearly reflects that demand charges do not incentivize customers to change energy usage patterns because they are not time varying and do not accurately represent real time cost-causation.² Reducing demand charges for NEMA customers will both incentivize the deployment of solar+storage systems and help shift usage patterns to match periods when renewable energy is abundant on the grid.

23) *Should NEMA customers be required to take service on specific cost-based import rates?*
We do not believe that NEMA customers should be limited to specific cost-based import rates.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these comments in response to the ALJ Ruling and Questions. We look forward to continuing the discussion on these important aspects of the NEM successor tariff.

/s/ BEN SCHWARTZ
Ben Schwartz
Policy Manager
Clean Coalition
1800 Garden Street
Santa Barbara, CA 93101
Phone: 626-232-7573
ben@clean-coalition.org

Dated: March 21, 2023

² “Pursuant to DER Action Plan 1.0, the CPUC held its Advanced Rate Design public forum in 2017 to consider innovative rates and tariffs. *A key theme of this event was the incompatibility of demand charges (particularly non-coincident demand charges, or NCDCs) with the CPUC’s commitment to cost-causation.* Participants argued that locational, marginal, real-time pricing is an efficient means to assess distribution-level cost causation, and to minimize the cost of electricity service while providing widescale grid benefits.”

ED White Paper and Staff Proposal: Advanced Strategies for Demand Flexibility Management and Customer DER Compensation. June 22, 2022 at p. 6