

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

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April 4, 2023

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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 reply comments in response to the *Administrative Law Judge’s (“ALJ”) Ruling Soliciting Responses to Ruling Questions*, issued at the Commission on February 28, 2023. Per the ALJ’s March 21, 2023 procedural email, the deadline for reply comments was extended from March 28, 2023 to April 4, 2023. Clean Coalition reply comments will address the following points:

- VNEM displaces on-site load and should not be treated as the exact same program as NEM.
- Property-level netting is more reflective of the benefits of VNEM systems than unit-level netting.
- The Commission should create pathways to deploy storage on either side of the meter.
- We support the Ivy Energy proposal that would allow retail compensation for on-site energy and export compensation for any actual exports.
- A pathway for the deployment of resilience solutions—such as microgrids at multifamily housing sites—is a must, given the vulnerability of the customers that take service under VNEM tariffs.
- We agree with SEIA that retail credits should be continued for SOMAH and with Sunrun and CSE that the program should be maintained until a specific evaluation is completed.

- The IOUs make a misleading statement that VNEM exports could reduce the value of avoided transmission, even though VNEM system exports never back feed to the transmission grid.

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.** VNEM displaces on-site load and should not be treated as the exact same program as NEM.

One of the key findings of fact that will determine the program economics for VNEM systems under the Successor Tariff is the amount of energy generated that is used on-site. The Joint IOUs and Cal Advocates incorrectly assert that VNEM systems provide no unique benefits as compared to traditional NEM systems and export all energy to the grid, meaning that no energy is used on-site. This argument ignores the unique characteristics of VNEM systems—including a larger average size than a NEM generator for a single facility—as well as determinations that energy flows to the path of least resistance, meaning it is used on-site or by other facilities on the same feeder. Clean Coalition supports the multiple parties that address the way that energy is used on-site, including CALSSA, SIEA, and Ivy Energy.¹ Ivy Energy quotes the Joint IOU’s testimony to demonstrate that 98% of VNEM systems are located on the same feeder as their benefitting meters and concludes that between 30 and 70% of the generated energy is used on-

¹ SEIA Opening Comments on ALJ Ruling and Questions at p. 7 and CALSSA Opening Comments on ALJ Ruling and Questions at p. 6, and Ivy Energy Opening Comments on ALJ Ruling and Questions at p. 3

site, a number that could be significantly higher when generation is paired with storage and other electrification measures (such as EV charging).² Considering VNEM facilities use energy to meet on-site loads and typically pay more than their cost-of-service, the Commission should not find arguments that VNEM creates a cost shift to be persuasive, particularly given the low number of MW deployed under VNEM tariffs when compared to the general tariff.

B. Property-level netting is more reflective of the benefits of VNEM systems than unit-level netting.

Clean Coalition supports a shift to property-level netting as opposed to the current method of unit-level netting. Property-level netting is more conducive to the deployment of a Microgrid at VNEM sites and will give a better indication of the amount of energy actually being used on-site versus what is being imported from the grid. As the Commission pushes for the deployment of electrification measures in support of the state's decarbonization goals, facilities that can manage/optimize aggregated loads on-site rather than simply responding to increasing electrical demand by importing a greater amount of energy are providing a service to the broader grid. Parties that support property-level netting understand that it is key to increased demand flexibility and maximizing the potential of paired energy storage.³ The Joint IOUs argue that BTM storage, deployed behind each residential meter is a sufficient solution to provide resilience, which is ludicrous given the cost of energy storage and the space required to deploy a battery.⁴ Clean Coalition supports the Commission's intent to see more solar+solar deployments; the Joint IOU's proposal would absolutely not result in a greater number of paired storage deployments because of the multiple barriers to small storage deployments at VNEM sites. Besides clear cost and space-related prohibitions, it is unrealistic to think that one, or multiple units would be able to deploy energy storage given the fact that renters do not own their own units and require permission from the property manager/landlord to go forward with any type of project. For the IOU's it is far more effective to handle one interconnection application for a paired solar+storage deployment than it is to field a VNEM application and tens (or hundreds) of applications for small BTM energy storage deployments at each meter of multi-family housing complex. Moreover, it is not cost-effective/efficient to carve up the VNEM solar with smaller

² Ivy Energy Opening Comments on ALJ Ruling and Questions at p. 3

³ Parties that support property-level netting include Ivy Energy (p. 16), SEIA (p. 7), and CALSSA (p. 3)

⁴ The Joint IOU's Opening Comments on ALJ Ruling and Questions at p. 12

batteries to achieve resilience when a single larger energy storage deployment would suffice, allowing energy usage at the entire site to be optimized and ensuring a significant portion of the energy produced on-site could be time shifted to benefit the grid.

C. The Commission should create pathways to deploy storage on either side of the meter.

In adopting the Net Billing Tariff, the Commission made it clear that the priority is the deployment of solar+storage as opposed to sole deployments of solar. Clean Coalition supported that determination during the first phase of this proceeding and we urge the Commission to pass rules allowing deployments of storage on VNEM sites (for all VNEM programs). If, and when, the grid goes down, deployments of solar stop producing energy, but when paired with storage, the site can remain energized as long as there is energy available. Ideally, the Clean Coalition supports paired storage deployments to set the stage for Community Microgrids, which we addressed in our opening comments. Given that facilities eligible for VNEM deployments are made up of renters and vulnerable populations who are predominantly communities of color, providing resilience will help the Commission meet its often-touted ESJ goals. Action is needed to improve on the status quo; of the three IOUs, currently SCE and SDG&E have zero paired VNEM systems, while PG&E has one paired VNEM system.⁵ We strongly believe that any VNEM system deployed after a decision is passed on the tariffs should have the ability to deploy storage (as well as a microgrid) and legacy systems should have the option to deploy storage without being forced onto a new tariff. This is an issue that can be partially addressed in this proceeding, but parties have astutely pointed out in opening comments that VNEM systems are precluded from using SGIP funds due to islanding requirements, meaning that a resolution in the SGIP proceeding will also be necessary.⁶

D. We support the Ivy Energy proposal that would allow retail compensation for on-site energy and export compensation for any actual exports.

Ivy Energy's proposal represents the best attempt among opening comments to align the existing VNEM tariff with the principle of on-site consumption, which would compensate VNEM deployments that limit the amount of imported grid energy that a facility needs, providing the greatest benefit to the grid and promoting deployments sized to net zero the overall facility,

⁵ The Joint IOU's Opening Comments on ALJ Ruling and Questions at p. 5

⁶ SEIA Opening Comments on ALJ Ruling and Questions at p. 14

rather than attempting to do so on a unit-by-unit basis as is done currently with unit-level netting and different allocations each month based on usage. Clean Coalition believes that the Ivy Energy proposal is in line with the Commission's goals and statutory requirements, while also encouraging deployments of storage and other electrification measures. Other proposals, such as the Cal Advocates' proposal to end VNEM in favor of Green Access Programs (GAP) are purely based on speculation about what the final program review and next-generation GAP tariff might look like.⁷ Cal Advocates provides no facts that demonstrate that the GAP compensation is similar to VNEM or that the benefits to the ratepayers/broader grid are similar; Clean Coalition believes that the Cal Advocates proposal is out-of-scope for this proceeding and does not have any merit in the context of this discussion. In fact, Cal Advocates proposal is based on faulty logic, proven incorrect by SEIA, Ivy Energy, and CALSSA in opening comments, that all VNEM energy is exported (none is used on-site) and that VNEM does not offer any unique benefits to the electrical system in comparison to the existing NEM program.⁸ Ivy Energy's proposal does not propose any exact compensation figures, which leaves room for discussion about what is appropriate, but the structure is conducive to a tariff that promotes solar+storage deployments based on the unique value that VNEM systems provide.

- E. A pathway for the deployment of resilience solutions—such as microgrids at multifamily housing sites—is a must, given the vulnerability of the customers that take service under VNEM tariffs.

Clean Coalition continues to advocate for a pathway to enable resilience at VNEM sites, including the deployment of microgrids. In opening comments we proposed a resilience adder. Numerous other parties mention resilience in opening comments by addressing the concept of metering at the property line to treat a VNEM site as one contiguous site for resilience/billing purposes.

- F. We agree with SEIA that retail credits should be continued for SOMAH and with Sunrun and CSE that the program should be maintained until a specific evaluation is completed.

The Clean Coalition agrees with SEIA, Sunrun, and CSE that retail credit should be maintained for SOMAH and no significant changes should be made until a program review is conducted.

⁷ Cal Advocates Opening Comments on ALJ Ruling and Questions at p. 1.

⁸ Ibid at p. 3-4 (including footnote 3)

However, given the essential population segment SOMAH serves, retail credit should be continued and storage/microgrid deployments should be encouraged.

- G. The IOUs make a misleading statement that VNEM exports could reduce the value of avoided transmission, even though VNEM system exports never back feed to the transmission grid.

Clean Coalition wishes to note that the IOUs incorrectly state that VNEM projects can reduce the value of avoided transmission if they export to the grid. Like NEM systems, VNEM systems **never** back feed into the grid, meaning the avoided transmission value always exists.

IV. CONCLUSION

The Clean Coalition appreciates the opportunity to submit these reply comments and hopes to continue the dialogue moving forward.

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