BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Application of Pacific Gas And Electric Company (U39E) for Review of the Disadvantaged Communities – Green Tariff, Community Solar Green Tariff and Green Tariff Shared Renewables Programs.	Application 22-05-022 (Filed December 2, 2022)
And Related Matters	Application 22-05-023 Application 22-05-024

REPLY BRIEF OF THE CLEAN COALITION

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

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I. INTRODUCTION

Pursuant to Rule 13.12 of the Rules of Practice and Procedure of the California Public Utilities Commission ("Commission") and the *Administrative Law Judge's* ("ALJ") *Ruling Updating the Procedural Schedule and Requiring Use of Briefing Outline*, filed at the Commission on April 21, 2023, the Clean Coalition respectfully submits this Reply Brief.

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

The Clean Coalition continues to support the Coalition for Community Solar Access' ("CCSA") Net Value Billing Tariff ("NVBT"), which received substantial support from

numerous parties in Opening Briefs.[1] The NVBT represents a straightforward tariff that will be easily understood by ratepayers interested in subscribing and developers interested in applying. By constraining deployments to the distribution grid, the tariff captures the increased local reliability and peak transmission reduction associated with deployments of distributed solar+storage and will provide value to customers located in or near disadvantaged communities ("DACs"). The NVBT also meets the statutory requirements of AB 2316, as Title 24 homes will be eligible, and the program will not result in cost shifts to other ratepayer groups. While the Clean Coalition continues to advocate for several modifications that will be discussed below, we are confident that the NVBT will provide a commensurate value to customers not able to take service under the Net Billing Tariff and help the distribution-level renewable energy sector continue to grow sustainably. In this brief we argue that:

- The Commission should not find SCE's argument that the NVBT is illegal to be persuasive.
- Including an Avoided Cost Calculator ("ACC") Lock-in Period is Appropriate.
- GAP projects sited on the distribution grid within 10 miles of the subscribers should receive an exemption from Transmission Access Charges ("TAC").
- NVBT customers should be exempt from the PCIA.
- The Commission should adopt auto-enrollment, especially for customers located in DACs.
- Additional Information is Required to Complete the Proceeding Record.

A. The Commission should not find SCE's argument that the Net Value Billing Tariff is illegal to be persuasive.

In its Opening Brief, SCE explains that the NVBT would likely be subject to challenge on the federal level and explains that a preemption under the Public Utilities Regulatory Act ("PURPA") would be the most likely avenue for a legal challenge.[2] Any challenge would have to meet the high bar of PURPA Section 210(h), which demonstrates the flaws with SCE's logic. In the Federal Energy Regulatory Commission's ("FERC") Order Dismissing Petition for

[1] Parties that support the NVBT in Opening Briefs include SEIA at p. 37, CEJA et al at p. vi, TURN at p. 4, CBIA at p. 1, Cyprus Creek at p. iii, Arcadia Power Inc. at p. 1, and Coalition of Utility Employees at p. 1.
[2] Opening Brief of Southern California Edison ("SCE") at p. 8.

Declaratory Order, FERC notes that the challenge of Net Energy Metering ("NEM") by the New England Ratepayers Association ("NERA") did not warrant a general response.[3] Specifically, FERC declares that NERA's assertion that certain state regulatory agencies are not properly compensating QFs under PURPA does not meet the standard for enforcement.[4] The same logic can be applied to the NVBT, which is structured similarly to the Commission's VNEM program.

B. Including an Avoided Cost Calculator ("ACC") Lock-in Period is Appropriate.

There has been some debate amongst parties about the appropriate balance of providing developers with enough certainty to model project economic while ensuring that new contracts have access to updated avoided costs as the ACC is continually modified. The Clean Coalition believes it is appropriate to lock-in the ACC rate at the time of the award to maximize developer certainty and allow new applicants to use the rate from the most recent update of the ACC, which occurs on a predictable two-year cycle. Importantly, with a rolling application process, the appropriate ACC-rate will be clear to applicants in advance, minimizing any confusion. To manage volatility between ACC updates, TURN recommends a 10-year lock-in of the ACC,[5] whereas the Coalition for Community Solar Access ("CCSA") advocates for a 25-year lock-in period.[6] We understand the value of both options and believe that a combination of both options could be effective: a 25-year lock-in period with the option to switch to the newest ACC-rate every ten years.

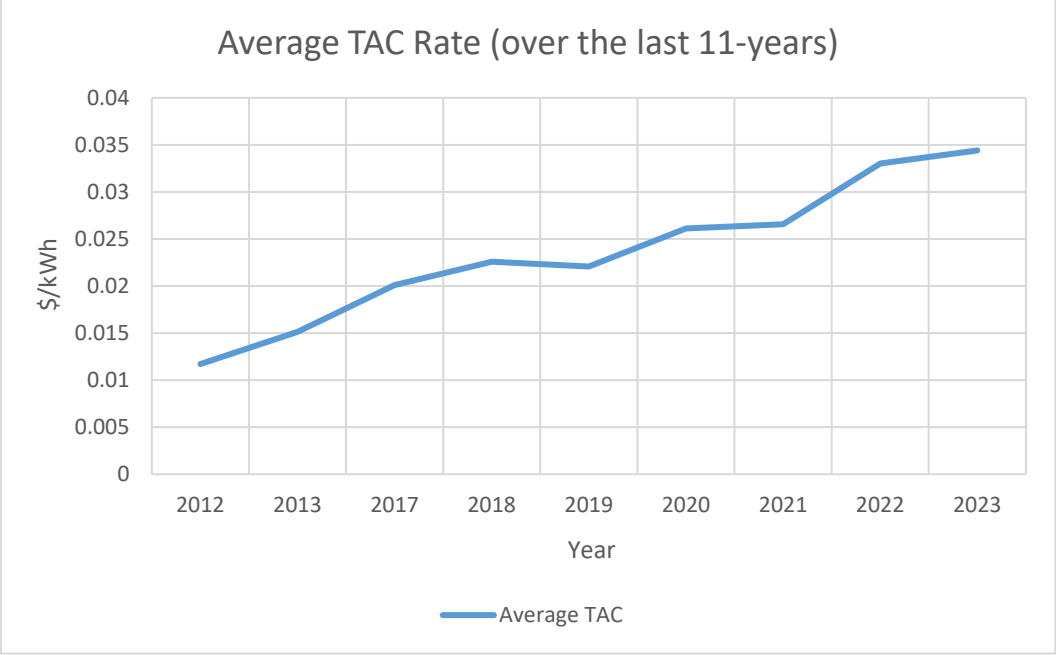
C. GAP projects sited on the distribution grid within 10 miles of the subscribers should receive an exemption from Transmission Access Charges ("TAC").

In the NVBT proposal, CCSA suggests that projects should be sited anywhere on the utility distribution company's ("UDC") distribution grid. The Clean Coalition concurs that ideally projects should be sited locally (e.g., on the distribution grid) so the energy exports do not require the use of any transmission infrastructure to reach subscribers. For projects located within ten miles of subscribers, we believe that TAC should not be assessed on the percentage of energy Community Solar energy imported by subscribers in the same way that TAC is not

[3] *New England Ratepayers Association,* 172 FERC ¶ 61,042 (2020) at p. 17.
[4] IBID at p. 18.
[5] Opening Brief of TURN at p. 23.
[6] Opening Brief of CCSA at p. 19.

assessed on energy used onsite by customers in the Net Energy Metering program.[7] This is especially true given the priority of reaching customers located in or near disadvantaged communities ("DACs").

The value captured by the ACC considers a partial future avoided transmission value (the adder has only been applied to PG&E, not SCE and SDG&E, and addresses specified avoided transmission but not unspecified avoided transmission) without considering the value of avoiding usage of existing transmission infrastructure. Since grid planning occurs based on Peak Transmission Usage, during summer months, reducing existing usage of the transmission grid will slow down skyrocketing transmission investments, which are the number one driver of electric rates in California (see the graph of TAC increases over the last 11 years, below).



As mentioned in surrebuttal testimony, any avoided TAC should be recorded in an account to ensure the value is recovered appropriately based on the gross load-method approved by CAISO.[8] This exemption is central to considering full costs—that is to say, the cost of generating energy and delivering it to the end user—and achieving Vision Element 3B of the Commission's DER Action Plan 2.0 (specifically Action Element 2).[9] Enabling DER value

[7] TAC is not a nonbypassable charge and is only assessed on system exports.
[8] Clean Coalition's Surrebuttal Testimony at p. 2, lines 44-47.
[9] DER Action Plan 2.0, at p. 16-17.

stacking necessitates properly compensating for the full range of avoided transmission and local reliability Community Solar projects create. However, implementing an exemption on local Community Solar energy does not negate a customer's responsibility to cover the proper cost allocation on all other imported energy, ensuring that the cost of a reliable and safe grid is being met.

D. NVBT customers should be exempt from the PCIA.

The Clean Coalition continues to believe that NVBT customers should be exempt from the Power Charge Indifference Adjustment ("PCIA"). An additional Community Solar program will not specifically result in customers switching from bundled to unbundled service, it only changes the source of energy being consumed. In fact, the increase in energy generation on the distribution grid reduces transmission congestion and lines losses, allowing energy generated on the bulk grid (from legacy contracts) to be delivered to more efficiently. More importantly, since the energy generated goes toward meeting a state mandated amount of capacity, it is a requirement that would need to be met regardless of legacy contracts, meaning that applying the PCIA would only serve to reduce the effectiveness of the program overall.

E. The Commission should adopt auto-enrollment, especially for customers located in DACs.

There is some appetite among parties for the Clean Coalition position that customers should be auto-enrolled, which will reduce the administrative burden associated with having developers or local community-based organizations ("CBOs") specifically interact with ratepayers to help them subscribe. Language barriers, distrust of authority, and a lack of clear/concise information makes on-the-ground outreach less effective is part of the reason that the existing GAP have been less effective than originally intended. SEIA notes, "auto enrollment of customers has served to ensure the targeted customer group is reached, as evidenced by the fact that PG&E, the only IOU with auto-enrollment, serves a large percentage of customers on the DAC-GT program."[10] We believe that for all projects deployed via the NVBT, CARE and FERA customers, a group that represents up to 250% of the federal poverty level, should be enrolled automatically. As PG&E has demonstrated, because the list of customers with a CARE

[10] Opening Brief of SEIA, at p. 16.

or FERA designation already exists, implementing this proposal across the state should not be difficult or costly.

F. Additional Information is Required to Complete the Proceeding Record.

There are multiple subjects which are essential to the creation of a robust Community Solar program but have not been given the appropriate amount of consideration due to the complexity of evaluating the GAP. Therefore, the Clean Coalition advocates for a further ruling—or set of comments—to address all remaining issues and complete the record for the proceeding. Thus far the focus of the proceeding has been on analyzing the existing GAP options and creating consensus around a base structure for a new tariff that meets the requirements of AB 2316, with the NVBT being the clear favorite. The structure of the NVBT provides clarity to developers interested in deploying a project by creating a specific compensation structure and lock-in periods while balancing grid needs and the obligation to serve low-income customers. Yet, because of the added costs associated with deploying paired storage, questions remain about additional monetary adders to ensure that the projects will be able to fully recoup costs or whether unique configurations will reduce the difficulty of deploying paired solar+storage. In addition to questions related to storage deployments, there is ambiguity surrounding program administration and enrollment of customers, both of which are key issues to creating a program that is easy to navigate for developers and beneficiaries. A streamlined Community Solar program should be transparent enough to provide developers with certainty about the probability of a successful project and simple enough that finding subscribers—especially those that reside in DACs—does not add hardship to the process. An additional ruling should address the following issues:

- How will the program be administered?

Currently the IOUs administer GAP and some of the CCAs act as administrators for programs of their own as well. The sheer number of program administrators increases the total cost of administering GAP statewide, and the number of solicitations causes confusion among developers. Therefore, even if the number of GAP are reduced, it is possible that relying on multiple program administrators may not be effective; a single administrator (3rd party) could help streamline the process, especially if the Commission adopts a program that includes

autoenrollment of customers. There is also the question of which party would be appropriate to act as a third-party administrator if such a structure is approved. CEJA et al. suggests in opening comments:

> To prevent delaying project development and risk losing access to incentives from the IRA or state funding, we support the Commission acting as interim administrator of any new program until a third-party administrator ("TPA") is appointed. This is important to ensure that community members can quickly gain access to community solar subscriptions that can help lower their energy bills.[11]

TURN also supports having a third-party serve as a clearinghouse to compare bids and oversee consumer protection.[12] There is precedent for the Commission adopting third-party administrators for DER programs, such as the Center for Sustainable Energy, Grid Alternatives, and the Association for Energy Affordability for the Solar on Multi-family Affordable Housing ("SOMAH") program,[13] meaning that there is precedent for such a structure. The Clean Coalition believes that the record should include a discussion on administration that compares an extension of the statue quo (e.g., IOUs and CCAs as administrators) versus scenarios with fewer administrators.

- Will paired energy storage deployments be required or will the Commission consider other configurations for storage?

Requiring paired energy storage for all Community Solar deployments will increase the reliability benefits due to the dispatchability of the energy storage but will also significantly increase project complexity. The first consideration is how much higher the total project cost will be with the addition of energy storage. Even though energy storage costs might continue to decrease over time, the cost per watt of energy storage is much higher than that of solar and costs have risen over the last year, instead of decreasing. Additional compensation due to the deployment of storage should be commensurate with the increased cost. Second, due to local code and safety requirements, siting paired energy storage solar on a built environment (e.g., rooftop, parking lot, or parking structure) is much more difficult than simply siting a solar project. The Commission should consider a built environment adder to properly account for the

[11] Opening Brief of CEJA, NRDC, and Vote Solar at p. 15.
[12] Opening Brief of TURN at p. 26.
[13] https://calsomah.org/

value created by not taking up space on California's pristine natural lands. Third, the size of the deployed solar will create additional constraints for siting paired storage. CCSA's proposal states that solar projects will likely be under 5 MW, though other parties have suggested that projects could be as large as 20 MW. Based on the Clean Coalition's understanding, there are no specific sizing requirements for energy storage thus far, although the storage will likely be sized to time shift as much of the energy to peak periods as possible to maximize value. We believe that the difficulty of siting co-located solar+storage could constrain the success of the program and that considering ways to add flexibility for siting storage merits further discussion. For example, the Commission might adopt a structure where solar is virtually paired with storage projects that are both located in the same distribution area or create a tangential Community Storage program. Increasing the amount of storage deployed on the distribution grid, regardless of whether it is paired with solar, will improve reliability and resiliency. Therefore, while including a storage requirement to a successor GAP is in line with the Commission's goals, the added burden to applicants necessitates further discussion about the best ways to incorporate flexible energy storage requirements to improve the overall success of the program.

- Should there be any additional project adders?

Just as the IOUs receive cost recovery on the full cost of service ("COS") for serving all ratepayers, developers need the certainty that the costs associated with deploying a project under the successor GAP will be recovered over time. In the paragraph above, we advocate that the proceeding should discuss the need for a dispatchability adder (beyond what is included in the ACC) and a built environment adder. The greatest opportunity for distribution-level deployments is on built environments; however, the cost of carport or rooftop solar is greater than that of ground mount solar. A built environment adder would help to improve the viability of non-ground mount solar projects. The Clean Coalition also believes that the Commission should consider adopting an adder for projects sited on brownfield sites. Locating renewable energy projects on brownfields is making the best of use of land that is otherwise not suitable for development without enormous cleanup costs.

- Are measures to streamline interconnection required for a successful program?

Under CCSA's proposed NVBT, projects would go through the Rule 21 interconnection process, even if sited front-of-meter ("FOM"). Rule 21 interconnection is efficient compared to the process of interconnecting via the Wholesale Distribution Access Tariff ("WDAT"), meaning that applicants will not have to spend as much time or money to complete the process and receive permission to operate ("PTO"). It is important to fully consider the implications of the interconnection experience and whether WDAT interconnection will be an option or any other measures to further streamline the process will be necessary.

IV. CONCLUSION

The Clean Coalition respectfully submits this Reply Brief and requests that the Commission adopt a Community Solar program based on the Net Value Billing Tariff that also includes our proposed modifications. We believe that a further ruling and set of comments is necessary to complete the record on this subject and provide the Commission with the full range of information required to make an informed decision.

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

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