

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's Own
Motion to Conduct a Comprehensive Examination of
Investor Owned Electric Utilities' Residential Rate
Structures, the Transition to Time Varying and Dynamic
Rates, and Other Statutory Obligations

Rulemaking 12-06-013
(Filed June 21, 2012)

**COMMENTS OF THE SOLAR ENERGY INDUSTRIES
ASSOCIATION AND THE CALIFORNIA SOLAR ENERGY INDUSTRIES
ASSOCIATION ON THE COORDINATION OF
ELECTRIC PROCEEDINGS AFFECTING RATES**

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In accord with the Administrative Law Judges' Ruling Soliciting Comments on the Coordination of Electric Proceedings affecting Rates, which was issued in the above captioned proceeding on November 6, 2012 (ALJ Ruling), the Solar Energy Industries Association (SEIA)¹ and the California Solar Energy Industries Association (CALSEIA) (collectively the Solar Parties) submit the following comments.

I. INTRODUCTION

The ALJ Ruling delineates a series of questions intended to elicit the information necessary to coordinate this rate design rulemaking with the other proceedings before the Commission that address energy issues impacting rate and rate structure itself. The Solar Parties' comments are focused exclusively on Question No. 6 which queries:

Is it more appropriate to address certain rate design issues in other proceedings? If so, explain which proceedings are best equipped to explore and resolve specific issues.

¹ The comments contained in this filing represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member with respect to any issue

As detailed below, the Solar Parties submit that not only is it “more appropriate” but the Commission has already expressed its intent to address rate design issues pertaining to Net Energy Metering (NEM) in another proceeding. Such determinations, however, would ultimately need to feed into the Commission’s decisionmaking on the appropriate designs for residential rates.

II. NEM ISSUES TO BE ADDRESSED IN ALTERNATE RULEMAKING

In Decision 12-05-036, the Commission, citing a concern regarding the lack of empirical information regarding the extent and nature of cross-subsidization of NEM customers by other customers on the utility systems (if any), and how complex aspects of rate-setting for the various rate tiers in the residential class compound or otherwise affect these cross-subsidies,² ordered the Energy Division to oversee the preparation of an updated NEM cost-effectiveness report.³ The process of preparing the ordered NEM report has commenced, with Energy Division engaging Energy + Environmental Economics to perform the study and parties submitting comments on its appropriate scope. The results of the NEM study should illuminate how different rate designs will impact the costs and benefits of NEM.

Subsequent to study completion, the Commission has stated its intent to undertake a new rulemaking in order “to reassess the NEM program in light of the study results” so as to set future policy for the NEM program with a full awareness of the economic impacts of any policy choices on all classes of ratepayers.⁴ The intended outcome of such rulemaking is the

² Decision 12-05-036 at p 14.

³ *Id.* at p.19.

⁴ *Id.* at pp. 15 and 19.

development of new rules to guide the NEM program. It is the Commission's desire to have such rulemaking proceeding completed by the end of 2014.⁵

While the Commission has determined that NEM issues will be addressed in an alternate rulemaking, the results of such rulemaking will be a valuable input to this Residential Rate Design proceeding. Thus, ultimately the schedule for this proceeding must be developed to allow for the work product of the NEM rulemaking to be reflected in the Commission's final determinations on the appropriate designs for residential rates.

III. CONCLUSION

The Commission has established an alternate proceeding to address the interrelation between NEM and residential rate design. Ultimately, the results of such proceeding will need to be factored into any Commission determinations on the future design of residential rates.

Respectfully submitted November 21, 2012, in San Francisco, California.

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⁵ *Id.* at p. 15.