

**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)

**THE VOTE SOLAR INITIATIVE'S OPENING COMMENTS
ON THE COORDINATION QUESTIONS**

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November 21, 2012

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Pursuant to the November 6, 2012 *Administrative Law Judges' Joint Ruling Inviting Comments* (Ruling), The Vote Solar Initiative (Vote Solar) submits these opening comments on the question posed in the Ruling regarding the coordination of electric proceedings affecting rates. Vote Solar's responses are limited to solar energy specific issues.

1. Please list the major energy proceedings with which this proceeding should coordinate and explain what kind of coordination is needed (e.g., actively coordinating, relying on findings, incorporating evidentiary record, monitoring).

This proceeding (Res. Rate OIR Proceeding) should be actively coordinated with the Net Energy Metering (NEM) analysis being conducted in R.10-05-004 and successor proceedings (NEM Proceeding). In the NEM Proceeding, the Commission will determine if any changes to NEM rules are warranted, with a possible suspension of the program on January 1, 2015 unless a determination regarding the need to change NEM rules has been made. Informing the Commission's decision will be a study conducted by E3 intended to

provide the Commission with “a better understanding of who benefits, and who bears the economic burden, if any, of the NEM program.”¹

Per recently issued Energy Division workshop materials, E3 intends to divide this study into Phase 1 and Phase 2.² Phase 1 will calculate the ratepayer impacts of NEM for all participating technologies using the retail rates and the NEM program structure currently in effect. The Phase 1 study is targeted to be ready in draft form for parties’ review by January 2013, and targeted to be finalized by the end of Q1 2013. Phase 2 will “compare alternatives to NEM using a framework that highlights the balance between the financial proposition for customers to install renewable DG and the overall impact to ratepayers,”³ and is targeted to be finalized in Q2 2013. Little information has yet been provided about what “alternatives to NEM” will be considered in Phase 2, although Energy Division staff has indicated that comments will be requested on the scope of Phase 2 in late 2012 or early 2013.

Vote Solar recommends that the Res. Rate OIR and NEM Proceedings should be closely coordinated in at least the following three ways:

- i. Vote Solar and other parties requested in informal comments submitted to Energy Division staff on November 5, 2012 that E3 present the Phase 1 study results addressing the ratepayer impacts of NEM by rate schedule. In particular, these parties requested that results be shown separately for residential customers on the standard increasing block rates and for those on residential time-of-use (TOU) rates, given that past studies have shown that TOU rates result in lower costs and greater benefits from NEM for non-participating residential ratepayers than do increasing block rates. **Assuming that the E3 study does present NEM ratepayer impacts by rate schedule, to ensure that these results are**

¹ D.12-05-036 at p. 15.

² <http://www.cpuc.ca.gov/NR/rdonlyres/3C73CEF6-71CA-4B6C-84E4-FDA389D8F2B9/0/NEMApproachStakeholderWorkshop.pdf>

³ See *E3 NEM Cost Benefit Study: Phase 1 Scope and Method* at p. 2, found at http://www.cpuc.ca.gov/NR/rdonlyres/1AABBE79-1D37-452D-9516-B492319A1CD4/0/NEMStudySOW_Oct16.pdf

appropriately shared between the two proceedings, the Commission should take formal judicial notice of the study results in this Res. Rate OIR Proceeding.

ii. Phase 2 of E3's study in the NEM Proceeding should reflect the residential rate changes under consideration in this Res. Rate OIR Proceeding, particularly with respect to how such changes impact the costs and benefits of NEM. As part of this consideration, **in the NEM Proceeding the Commission should formally order that the E3 studies will incorporate any findings in the Res. Rate OIR Proceeding regarding which residential rate design changes are under consideration by the Commission, including the possibility of adopting TOU rate structures.** Without this action, the Commission will lack essential information in the NEM Proceeding regarding how NEM costs and benefits might change as a result of rate design changes implemented in this Res. Rate OIR Proceeding.

iii. As noted above, the Commission has stated an intent to determine if any changes to NEM rules are warranted in the NEM Proceeding, with a possible suspension of the program on January 1, 2015, unless a determination regarding the need to change NEM rules has been made. **If changes to residential rate design are adopted or under consideration in this Res. Rate OIR Proceeding prior to January 1, 2015 that would alter the ratepayer impacts of NEM, the Commission must, in the NEM Proceeding, consider those changes in determining what, if any, changes to NEM rules are needed to ensure an equitable distribution of the costs and benefits of NEM.** The procedural manner in which this would be accomplished will depend on the fact specific circumstances in existence if, or when, such an event occurs.

2. How should customer outreach and education efforts in different proceedings be coordinated to maximize effectiveness and efficiency?

Vote Solar has no response at this time.

3. Should any of these proceedings be suspended, consolidated, or dismissed pending the resolution of this rulemaking?

As indicated in response to Question 1, above, Vote Solar believes that it is essential that this Res. Rate OIR Proceeding and the NEM Proceeding be very closely coordinated. Provided this coordination occurs, suspension, consolidation or dismissal of either proceeding is unwarranted and undesirable. **Due, however, to the very close relationship between these two proceedings, Vote Solar suggests Commission consideration of co-noticing of the two proceedings. Vote Solar also suggests that once both proceedings are further advanced, a joint workshop may be helpful.**

4. What policies would help ensure that successful strategies will be shared between utilities?

Vote Solar has no response at this time.

5. Are there proceedings at other government agencies or legislation that should be tracked in connection with this proceeding?

Vote Solar is not aware of any other proceedings at other government agencies or legislation that should be tracked in connection with this proceeding. Vote Solar, however, reiterates from previous comments that even with no changes to current legislation, Vote Solar believes that relevant and important residential rate design improvements may be possible and should be fully considered (e.g. time of use rates). Furthermore, even if legislative changes would result in “better” residential rate design improvements, worthwhile interim or indefinite improvements consistent with current law should be thoroughly considered and possibly adopted. In other words, the perfect should not be the enemy of the good.

6. 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.

Vote Solar has no response at this time.

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WHEREFORE, for the reasons stated herein, Vote Solar respectfully requests the Commission consider the responses to the coordination questions as described herein.

Respectfully Submitted,

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