

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)

**REPLY COMMENTS OF SOLARCITY CORPORATION
ON COORDINATION QUESTIONS**

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Pursuant to the Administrative Law Judges' November 6, 2012 Ruling Inviting Comments, SolarCity Corporation respectfully submits these reply comments to address issues raised by parties' opening comments.

Other Proceedings and Legislation

SolarCity believes the CPUC should track legislation related to rate design issues. At the same time, proposed legislation should not constrain or otherwise limit the rate design solutions that are considered in the Residential Rate Design proceeding. This proceeding should consider the full range of such solutions regardless of current or proposed statutory and regulatory limitations and restrictions.

Coordination with Net Energy Metering

The Commission has ordered the Energy Division to oversee the preparation of an updated net energy metering (NEM) cost-effectiveness study, which is underway. The Commission has indicated its intent that, subsequent to completion of the study, it will initiate a new rulemaking to reassess the NEM program in light of the study results. The results of such a separate NEM proceeding will be an important input to this Residential Rate Design proceeding, which should consider the impact of proposed rate designs on existing and prospective NEM customers. Contrary to the suggestion of some parties, SolarCity believes that rate design should be consistent with and complementary to the purposes of the NEM program, as established by statute and Commission policy.¹ Furthermore, this Residential Rate Design proceeding should be coordinated with any future NEM proceeding.

¹ Comments of San Diego Gas & Electric Company (U902m) Responding To Coordination Questions Set Forth In Administrative Law Judge's Ruling, page 1.

Conclusion

SolarCity appreciates the opportunity to submit these reply comments.

Respectfully submitted at San Francisco, California on December 7, 2012.

By /s/ David Wooley

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