December 18, 2012

Energy Division
Attention: Tariff Unit
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, California 94102

Subject: Commercial Solar Solutions, LLC's Supplemental Comments on Advice Letter ("AL") 2802-E and Southern California Edison Company ("SCE") Reply to Protesters' Letters.

Commercial Solar Solutions, LLC, ("CSS") as a stakeholder in the SCE's Solar Photovoltaic Program ("SPVP") believes it is speaking as a participant in the program with actual experience in processing seven interconnection agreements, submitting four projects in the 2010 SPVP bid solicitation, submitting six projects in the 2012 bid solicitation and successfully completing one winning rooftop project from the 2010 bid solicitation - SS San Antonio West, twenty four years in commercial real estate, as a Portfolio Manager, VP of Real Estate Operations, Developer of six million square feet of industrial distribution buildings and a graduate of UCLA with a degree in Economics. CSS's main concern is providing the Commission with a viewpoint of the Solar Developer, participating in the SCE SPVP and providing valuable insight into how buildings owners view SCE's SPVP. The real issue is providing equal opportunity to the Independent Power Producers, ("IPPs") and is helping the commission understand the actual facts.

In response to SCE's Reply of Southern California Edison Company letter, dated November 29, 2012, CSS would like to set the record straight. The protesters are not claiming SCE favored the Utility Owned Group ("UOG"), but we are claiming SCE has not provided the same level of opportunity per the mandate established by the Commission in Commission Bohn's Decision, June 2009. SCE continues to quote only a portion of Commission Bohn's Decision, that the 20% annual procurement is only a guideline, but if you look at the entire statement, its states that SCE might need to procure more than 20% if they fall behind the procurement of the UOG, in order to provide equal opportunity or maybe provide two RFOs in one year.

"SCE should issue competitive RFOs at least once per year. The RFOs shall seek to procure approximately 20% of the 250 MW each year. The 20% is a guideline only and is meant to merely **ensure that annually the same level of opportunity is provided for IPP project solicitation as the UOG portion."**[1]

Yes, 20% per year is not a mandate, but providing the same level of opportunity annually based on the UOG procurement is the mandate. This means that in some years, in order to catch up, SCE might need to purchase more than 20% of the allotted allocation. CSS's view is SCE should ensure that annually the same level of opportunity is provided for IPPs projects based on quantity of MWs the UOG procure. How can SCE continue to take only a portion of this paragraph and create a policy that they can do whatever SCE wants? It is also clear; if IPP projects fail the failed MWs are placed back into the procurement allocation. The reason why many IPP projects failed in not important and we can spend a lot of time discussing the interconnection process for the 2010 winning rooftop projects. In addition, I

[1] Alternative Proposed Decision of Commission Bohn, dated June 18, 2009, section 4.5, paragraph 16.

guess the statement SCE should issue competitive RFOs at least once per year, does not mean they should hold a RFO annually. On the CPUC website it states the RFOs are annual.

Our project, SS San Antonio West, LLC took eleven months after CSS submitted all the required civil drawings to obtain construction ready plans for interconnection from SCE, due to SCE constantly changing the interconnection specifications. CSS has drawings showing all the changes and the length of time. CSS provided all the required civil drawings to SCE on December 27, 2010 and received final construction ready drawings from SCE on October 21, 2011. This provided only seven months to complete CAISO telemetry requirements, secure financing, finalize construction drawings for all the interconnection work other than SCE's work, install equipment and bring the project on-line. I believe SS San Antonio is one of three or four projects completed in SCE's 6.6 MWs of active rooftop projects listed in the Advice Letter 2802-E.

Once again, let's set the record straight:

SCE awarded 36 contracts in the 2010 bid solicitation.[2]

31 contracts totally 37.22 MWs were roof mounted

5 contracts totally 22.38 MWs were ground mounted

Of the 31 roof mounted contracts awarded only 23 power purchase agreements ("PPAs") were mutually executed, totaling 26.05 MWs. SunEdison had 8 projects awarded to them, but only signed one PPA for 1.13 MWs. The building owner had the right to cancel their option to lease the rooftop to SunEdison and the building owner exercised their right to terminate after SCE awarded the contract. SunEdison failed to complete its one project. SunEdison's uncompleted project was re-submitted in the 2012 bid solicitation and was awarded another contract. Photon, Inc., representing 15 projects, totaling 16.17 MWs was unable to complete their projects because they selected Solyndra, as their modules vendor and Solyndra was unable to deliver modules. The building owner involved with Photon, LLC was Prologis, one of the largest industrial buildings owners in the World. Therefore, we are now at 8 active contracts, totaling 9.8 MWs. The other 4 contracts failed to complete their projects due to not meeting CAISO telemetry modeling deadline and for other reasons. Per SCE's Advice Letter 2802-E, prior to the 2012 bid solicitation, SCE had 6.6 rooftop MWs active out of an allocation of 100 or 6.6% of the rooftop allocation after three years into program and four of the five ground mounted projects active, totaling 12.4 MWs, approximately 50% of the ground mounted allocation. Based on SCE's Advice Letter, the IPPs had 19 MWs active of the 125 MW allocation or approximately 15.2%.

The UOG per the Third Annual Compliance Letter, dated June 2, 2012 stated the UOG had plans to build out 110 MW, comprised of 85 MWs of rooftop and 25 MWs of ground mounted, as of February 2011. Two of the ground mounted projects, 8 MWs and 10 MWs were dropped due to the high forecasted interconnection cost, dropping their total to 91 MWs, but they had selected 110 MWs of their allocated 125 MWs, or 88% of their allocation. If the math is correct, in February 2011, the UOG had 88% of their allocation committed to in February 2011 versus the IPPs were at 15.2% in July 2012 and SCE selected only 7 of 68 submitted projects, totaling 10.7 MWs approximately 8.5% of the allocation for two years, 2011 and 2012. This is less than 5.5 MWs per year for the IPP portion of the SPVP. If you consider the program is three years old, 60% (3 years times 20%) of 125 MW would be 75 MWs and SCE ended up 29.7 MWs, approximately 23.7% of the allocation vs. UOG commitment was at

[2] SCE's Press Release, dated 7/12/2010.

88% in February 2011. If SCE provided equal opportunity, the SCE should have selected 88% of the 125 MWs or 91 MWs in the 2012 solicitation. It is clear SCE is not providing equal opportunity.

The protesters really want to understand how this can be considered equal opportunity based on annual commitments made by SCE's UOG and SCE's administration of the IPPs portions of the SPVP. CSS believes the Commission's mandate was extremely clear, while SCE is not mandated to purchase 20% annually; SCE is mandated to ensure annually the same level of opportunity.

In SCE's July 27, 2010 news release regarding the SPVP, SCE states;

> "It is expected that this project will create about 1,200 jobs for Southern Californians.
>
> These contracts make significant strides toward distributed renewable generation for one of the most innovative solar program in the country, said Marc Ulrich, SCE vice president, Renewable and Alternative Power. We're working to help California meet its Million Solar Roofs goal and supply even more renewable energy to our customers where and when it's most needed, without the added time and expense to construct major new transmission facilities. The contracts awarded today are the first executed under the competitive solicitations for independent power producers. "[3]

What happened to SCE's commitment to creating 1,200 new jobs in Southern California? SCE's justifies its lack of commitment to the SPVP-IPP by using the explanation that costs will be declining and SCE is saving their shareholders the higher cost of these rooftop projects. Everyone knew solar costs were declining in 2010, prior to SCE's UOG making commitments to 110 MWs; just ask any analyst covering the PV market. CSS, a small rooftop solar developer knew pricing were declining in 2010 based on the future prices of raw materials used to manufacture solar modules. SCE must have access to commodity prices for solar modules. SCE is responsible for a billion dollar solar program and knew about declining module pricing before 2010. Therefore, SCE statement below is hard to take seriously.

"However, when SCE first began developing its UOG projects, solar module prices were not yet declining. In fact, early in the SPVP, it appeared that solar modules prices might increase."[4]

Please, how can SCE make this statement? Do not tell me that SCE was blind to the collapse of module pricing in 2010. Just look at what UOG paid for Trina Modules between 2010 and 2011. Maybe in 2008, when SCE first started developing, future module pricing was unclear, but when did SCE understand module prices were declining? SCE knew module prices were declining before 2010 the UOG continued to make commitments to develop rooftop solar projects. SCE demonstrated different policies with the UOG vs. the administration of the SPVP-IPP.

In the financial market, price averaging over a long period of time is considered the smartest method of lowering the risk of purchasing because no one really knows what is going to happen to pricing. Price averaging on an annual basis is what CSS believes was the commission's suggested strategy to SCE, purchasing 20% per year over five years. It is a sound and practical process of purchasing large volumes of anything over a five year period of time, but the mandate was clearly stated by the commission. SCE was directed to provide the same level of opportunity to the IPPs based on the

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[3] SCE's Press Release, dated 7/12/2010.

[4] SCE's Reply to Protesters Letters, dated November 29, 2012.

UOG's annual commitments. SCE was allowed to hold more than one RFO per year or procure more than 20% per year. The commission gave SCE this flexibility, but just the opposite has taken place. SCE has restricted the IPPs ability to create a new rooftop market in the 1 to 2 MW segment. SCE has effectively destroyed our ability to go out and find new building owners willing to enter into a three to four year process without any certainty of securing a PPA. SCE wonders why the number of bids in 2012 was lower than the number of bids in 2010. Buildings owners are not willing to enter into such an unfair process. The fact is SPVP will probably lose a large percent of the building owners, participating in the 2012 bid solicitation. Building owners have a hard time justifying the time commitment to make rooftop solar work, especially when SCE selects only 7 projects, totaling 10.7 MWs over a two year period of time.

The Levelized Costs between UOG and IPP programs can and should be compared. If not, how do you understand the cost/value to the rate payers? SCE does not like the comparison because it shows UOG projects are extremely higher in cost compared to the competitively bid projects. UOG risks are extremely low compared to the IPPs risk. SCE should explain their many risks that the IPPs do not take. CSS knows the risk of the IPPs, monthly productions for a monthly payment based on a twenty year commitment at a rate of return less than 8.75%. UOG receives 100% reimbursement from rate payers and an 8.75% rate of return on all capital costs and operating costs, including staffing and retirement benefits. I would suggest the IPPs would be open to the idea of providing their completion costs to SCE in an effort to compare the Levelized costs of both programs, but this is really not necessary since SCE has the price per MWh and the estimated production numbers from the bid solicitation. SCE can take the net present value of the revenue over twenty years and the net present value of the production values and determine a Levelized Cost of Electricity. SCE has both these numbers.

Recommended Actions:

SCE was given a mandate to ensure the same level of opportunity made under UOG to the IPPs; therefore, a modification to the program is not needed to stipulate SCE goes back to the 2012 list of bidders and select 50 more MWs, or to stipulate a certain minimum number of MWs to purchase in the 2013 bid solicitation or to stipulate SCE procures the entire 125 MWs before the end of five years. CSS believes SCE wants to continue to push out the procurement of rooftop solar projects until they can terminate the program. The commission should stipulate SCE holds the 2013 RFO no later than March 30, 2013, as SCE has stated they want to and the last RFO is held no later than March 30, 2014.

In addition, the Commission should direct SCE to do everything possible to amend the Interconnection Agreements for the projects rejected in the 2012 Bid Solicitation. Hopefully, the rejected projects can qualify to re-submit bids in 2013. Currently, a very large number of interconnection agreements are in default due to lack of awarding a fair number of PPAs. No building owner is going to pay for interconnection fees until they have some certainty of a PPA. Does SCE want to require all 61 rejected projects to resubmit new applications for the same projects all over again?

Sincerely,

Michael Latham
President/CEO
Commercial Solar Solutions, LLC
949-326-3724

SOUTHERN CALIFORNIA
EDISON®
An EDISON INTERNATIONAL® Company
2244 Walnut Grove Ave., Rosemead, Calif., 91770

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Media Contact: Vanessa McGrady, (626) 302-2255
Investor Relations: Scott Cunningham, (626) 302-2540

Southern California Edison Awards 36 Contracts for Utility-Scale Solar Rooftop Project

(Note to Editors: Photos, fact sheets and b-roll are available at www.edison.com/solar.)

ROSEMEAD, Calif., July 27, 2010 – Southern California Edison (SCE) awarded 36 contracts to independent power producers for a total of nearly 60 megawatts from photovoltaic solar panels that will produce emission-free energy for SCE customers. The panels will be installed on 31 unused rooftops and five ground-mount sites in SCE's service territory.

The solar rooftop project, approved by the California Public Utilities Commission in June 2009, calls for a total of 500 megawatts of solar generating capacity, most of it on otherwise unused large warehouse rooftops. Half of the 500 megawatts will be from independent power producers who respond to SCE's request for offers under competitive solicitations; the remaining 250 megawatts will be owned and operated by SCE. It is expected that this project will create about 1,200 jobs for Southern Californians.

"These contracts make significant strides toward distributed renewable generation for one of the most innovative solar programs in the country," said Marc Ulrich, SCE vice president, Renewable and Alternative Power. "We're working to help California meet its Million Solar Roofs goal and supply even more renewable energy to our customers where and when it's most needed, without the added time and expense to construct major new transmission facilities." The contracts awarded today are the first executed under the competitive solicitations for independent power producers.

SCE believes that its solar rooftop project will be a boon for the solar industry and consumers alike, with the resulting cost per unit significantly more cost effective than more common residential photovoltaic installations in California. Eventually, this could help drive down installation costs of photovoltaic generation for everyone. When complete, the solar panels will cover an area totaling 4 square miles on about 250 otherwise unused warehouse roofs. The total power production will rival a utility-scale power plant, enough electricity to serve 325,000 average homes at a point in time. SCE has already installed panels on three rooftop warehouses in California's Inland Empire that are delivering – or are in line to deliver – electricity to the grid.

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SCE is the nation's leading utility for renewable energy. In 2009, SCE delivered 13.6 billion kilowatt hours of renewable power to its customers, about 17 percent of its total power portfolio.

COMPANIES AWARDED CONTRACTS FOR ROOFTOP SOLAR				
Company Name	Company HQ	Project location	Project size (MW_{DC})	Estimated Online Date
Tioga Solar XIX, LLC	San Mateo, Calif.	City of Industry	0.75	4/15/2011
Greenpower Williams LLC	Burbank, Calif.	Valencia	1.30	10/1/2011
SunEdison Utility Solutions, LLC	Beltsville, Md.	Mira Loma	1.20	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Ontario	1.54	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Ontario	1.46	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Corona	1.13	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Rialto	1.19	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Santa Fe Springs	0.81	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Pomona	1.25	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	San Bernardino	1.42	1/25/2012
SunEdison Utility Solutions, LLC	Beltsville, Md.	Fontana	1.17	1/25/2012
SS San Antonio West LLC	Ridgefield Park, N.J.	Chino	1.86	10/1/2011
Golden Solar, LLC	Santa Fe Springs, Calif.	Santa Fe Springs	1.43	4/1/2011
Golden Solar, LLC	Santa Fe Springs, Calif.	Santa Fe Springs	1.34	4/1/2011
Industry Metrolink PV 1, LLC	San Francisco, Calif.	City of Industry	2.00	12/1/2010
Advanced Solar Integration Technologies, LLC	Irvine, Calif.	Commerce	1.20	1/28/2011
Photon LLC	Fremont, Calif.	Rancho Cucamonga	1.26	1/31/2011
Photon LLC	Fremont, Calif.	Ontario	0.66	1/31/2011
Photon LLC	Fremont, Calif.	Ontario	0.56	1/31/2011
Photon LLC	Fremont, Calif.	Ontario	0.58	1/31/2011
Photon LLC	Fremont, Calif.	Chino	0.70	1/31/2011
Photon LLC	Fremont, Calif.	Rancho Cucamonga	0.89	2/28/2011
Photon LLC	Fremont, Calif.	Rancho Cucamonga	1.61	3/31/2011
Photon LLC	Fremont, Calif.	Los Angeles	1.70	3/31/2011
Photon LLC	Fremont, Calif.	Buena Park	2.51	3/31/2011
Photon LLC	Fremont, Calif.	La Mirada	1.10	4/30/2011
Photon LLC	Fremont, Calif.	La Mirada	1.02	4/30/2011
Photon LLC	Fremont, Calif.	Foothill Ranch	1.39	4/30/2011
Photon LLC	Fremont, Calif.	Lake Forest	0.94	4/30/2011
Photon LLC	Fremont, Calif.	Compton	0.66	4/30/2011
Photon LLC	Fremont, Calif.	City of Industry	0.59	4/30/2011
Solar Power, Inc.*	Roseville, Calif.	Palm Springs	2.83	9/15/2011
Solar Power, Inc.*	Roseville, Calif.	Palm Springs	4.96	12/15/2011
SEPV 1, LLC*	Woodland Hills, Calif.	Palmdale	2.27	3/31/2011
SEPV 2, LLC*	Woodland Hills, Calif.	Twentynine Palms	2.32	3/31/2011
Cascade Solar LLC*	San Juan Capistrano, Calif.	Joshua Tree	10.00	12/15/2011

** denotes ground-mount installation*

About Southern California Edison

An Edison International (NYSE:EIX) company, Southern California Edison is one of the nation's largest electric utilities, serving a population of nearly 14 million via 4.9 million customer accounts in a 50,000-square-mile service area within Central, Coastal and Southern California.

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