

BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking Regarding  
Policies, Procedures and Rules for the  
California Solar Initiative, the Self-Generation  
Incentive Program and Other Distributed  
Generation Issues.

Rulemaking 12-11-005  
(Filed November 8, 2012)

**THE DIVISION OF RATEPAYER ADVOCATES'  
PRE-HEARING CONFERENCE STATEMENT**

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## **I. INTRODUCTION**

Pursuant to the March 6, 2013 “Administrative Law Judge’s Ruling Setting Prehearing Conference” (ALJ Ruling), the Division of Ratepayer Advocates (DRA) submits the following comments in advance of the March 13, 2013 pre-hearing conference (PHC). DRA does not disagree with the prioritization of issues set forth in the ALJ Ruling, but recommends expanding the list to include the following important issues:

- Solar/customer-side DG tariff modifications, including net energy metering (NEM) billing costs and billing simplification;
- Measurement and evaluation (M&E) plan review / scope of M&E studies; and
- Updates or potential modifications to the distributed generation (DG) cost-effectiveness methodology.

## **II. DISCUSSION**

### **A. The Commission should assign post-CSI data collection and maintaining consumer protection post-CSI highest priority.**

The ALJ Ruling identifies, among other issues, post-CSI data collection and maintaining consumer protection post-CSI as “High” priority issues. DRA agrees and recommends that these issues be afforded the highest priority. To the extent that post-CSI data collection is contingent on coordination of CSI program application process with utility interconnection application, this should also be assigned the highest priority. Given the impending sunset of the California Solar Initiative (CSI) program no later than the end of 2016, it is important to begin planning now to ensure a smooth transition of the data collection that has helped fuel the success of the CSI program and made information about ratepayer expenditures and other aspects of the program transparent and accessible.

### **B. The Commission should identify two additional issues as “High” priority.**

The November 8, 2012 Order Instituting Rulemaking (OIR) identifies a number of issues that would be addressed in this proceeding.<sup>1</sup> The ALJ Ruling identifies some but not all of those issues as “High,” “Medium,” or “Low” priority issues. DRA requests clarification whether those issues identified in the OIR but not in the ALJ Ruling will be addressed in this proceeding, and what level of priority will be assigned to them. Of those issues identified in the OIR but not in the ALJ Ruling,

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<sup>1</sup> Rulemaking (R.) 12-11-005, Order Instituting Rulemaking Regarding Policies, Procedures and Rules for the California Solar Initiative, the Self-Generation Incentive Program and Other Distributed Generation Issues, filed November 8, 2012 (“R.12-11-005 OIR”), pp. 3-10.

DRA recommends that the Commission also prioritize solar/customer-side DG tariff modifications and measurement and evaluation (M&E) plans/scope of M&E studies.

The OIR lists the first issue for this proceeding as “Solar Tariff Modifications, including NEM,” yet this issue is not listed in the ALJ Ruling.<sup>2</sup> While Decision (D.)12-05-036 delayed the statutory sunset of net energy metering (NEM), the 5% program cap still remains. The NEM cost-effectiveness study ordered by this decision is scheduled to be released in the second quarter of this year. This proceeding should include an overall evaluation of NEM, beyond just cost-effectiveness, as a high priority in this proceeding to ensure a smooth and strategic transition from the current NEM program(s) to the compensation mechanisms to follow. The scope of this issue should include evaluation of the current NEM program(s) at high DG penetration levels, review and critique of other forms of NEM, and comparison to alternative compensation mechanisms such as a feed -in tariff.<sup>3</sup>

For similar reasons, DRA recommends that the Commission identify stakeholder review of the CSI M&E plan as a high priority issue. Any studies conducted with remaining M&E funds should address the questions most pertinent to ensuring a self-sustained DG market after the CSI program ends. Of particular note, DRA anticipates the key findings and any recommendations that will result from the CSI Market Assessment and Market Transformation studies,<sup>4</sup> specifically as they relate to the Technical Potential study that the Commission is pursuing under the Long-Term Procurement Planning (LTPP, R.12-03-014), Renewable Portfolio Standard (RPS, R.11-05-005) and Rule 21/Distribution Interconnection (R.11-09-011) proceedings.<sup>5</sup> The Preliminary Assessment, which focused on local distributed photovoltaic (PV) technical potential, found that a significant portion of this potential is from rooftop installations.<sup>6</sup> To the extent that the Commission determines to facilitate greater penetration of customer-side PV beyond the goals of the CSI program, it will be important to better

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<sup>2</sup> R.12-11-005 OIR, p. 5. While the OIR explicitly identifies solar tariffs, namely NEM and VNM, customers with renewable DG technologies other than solar are eligible to participate in NEM, per SB 489 (2011).

<sup>3</sup> Alternative NEM programs such as hourly netting are discussed in recent papers from Lawrence Berkeley National Labs, LBNL-6017E, January 2013, and LBNL-4838E, August 2012.

<sup>4</sup> The Request for Proposals, which expired on February 28, 2012, is accessible here: <https://www.bidsync.com/DPX?ac=view&auc=1907176>

<sup>5</sup> A January 31, 2013 public workshop was noticed on the Commission’s Daily Calendar (<http://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M041/K398/41398002.html>) and sent to the R.12-03-014 and R.11-09-011 service lists

<sup>6</sup> Technical Potential for Local Distributed Photovoltaics in California, Preliminary Assessment, March 2012. Available at: <http://www.cpuc.ca.gov/NR/rdonlyres/8A822C08-A56C-4674-A5D2-099E48B41160/0/LDPVPotentialReportMarch2012.pdf>

understand remaining barriers to installation of customer-side PV, as well as to encourage more cost-effective installations earlier or in such a way as to drive down costs for potentially more costly systems later on. The Commission should address what further data and information is critical and/or requires further study, and how to obtain such information, before the CSI program ends.

**C. The Commission should include updates and potential modifications to the DG cost-effectiveness methodology in the scope of upcoming work for the proceeding.**

D.09-08-026 established the Commission's DG cost-benefit methodology and incremental modifications have been made with each cost-effectiveness evaluation conducted since then (e.g., NEM in 2010, CSI and SGIP in 2011). In order to assess the cost-effectiveness of the Commission's customer-side DG programs and policies as accurately as possible, this rulemaking should consider further modifications to this methodology. For example, in presenting its proposed approach to the 2013-2014 NEM cost-effectiveness study, Energy and Environmental Economics, Inc. (E3) acknowledged the challenge of assessing NEM cost-effectiveness based on the counterfactual (i.e., what would rooftop solar adoption have been in the absence of NEM?). The Commission has an established practice within its energy efficiency (EE) cost-effectiveness methodology to address this issue, which is to adjust benefits to account for customers who would have purchased an EE measure without a rebate (or other financial incentive). Estimating what rooftop solar adoption would be without NEM, especially in light of rapidly declining PV costs, merits consideration within the context of customer-side DG. DRA recommends that the Commission identify updates and potential modifications to the DG cost-effectiveness methodology as a medium priority, to be addressed after the NEM cost-effectiveness study (Phase 1) is released.

The following table replicates the proposed prioritization of issues in the ALJ Ruling, with DRA's recommended additional priorities shown in bold:

<b>Issue</b>	<b>Priority</b>
Post CSI data collection	High
Maintaining consumer protection post-CSI	High
Coordination of CSI Program Application Process with Utility Interconnection Application	High
<b>Solar/customer-side DG tariff modifications</b>	<b>High</b>
<b>M&amp;E plan review/scope of M&amp;E studies</b>	<b>High</b>
Incentives for solar pool heating systems within CSI-Thermal program	High
Program Application Database and Confidentiality	High
MW Goals of MASH and SASH Solar Programs	High
Public Reporting via California Solar Statistics	High
<b>Updates and potential modifications to DG cost-effectiveness methodology</b>	<b>Medium</b>
SASH Workforce Development Benefit	Medium
SASH Design Factor Requirement	Medium
SASH Inspections	Medium
SASH participation for third-party owned systems	Medium
Administrative budgets	Low

### III. CONCLUSION

DRA supports the ALJ Ruling’s prioritization, but recommends expanding it to include the topics discussed above. The recommended additions are critical to ensuring a smooth transition to a customer-side DG market that maximizes the value of ratepayers’ investment in CSI, the Self-Generation Incentive Program and other customer-side DG policies such as NEM.

Respectfully submitted,

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