

**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)

**REPLY COMMENTS OF SOLARCITY CORPORATION
ON THE ASSIGNED COMMISSIONER'S RULING**

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Pursuant to the *Assigned Commissioner's Ruling Regarding the Transfer of Responsibility for Collecting Solar Statistics from the California Solar Initiative to the Net Energy Metering Interconnection Process* (ACR) issued on August 22, 2013, and Administrative Law Judge Katherine MacDonald's email ruling granting a comment deadline extension, SolarCity Corporation (SolarCity) respectfully submits this reply to opening comments¹ on the ACR.

While SolarCity recommended that the ACR be modified to require collection of fewer data fields through the net energy metering (NEM) interconnection application, a number of parties have instead proposed that additional data fields be collected. SolarCity supports data transparency and appreciates the thoughtful suggestions of these parties, and we welcome opportunities to leverage system-related data to encourage market growth and identify opportunities to capture value for potential NEM customers. At the same time, we believe that granting the combined lists that the ACR and parties propose will create significant new "soft costs" for the solar industry and negate many advances that stakeholders, including SolarCity, have made to streamline the interconnection process for NEM customers. Therefore, SolarCity

¹ Opening comments were submitted by SolarCity, Pacific Gas & Electric Company (PG&E), Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), California Center for Sustainable Energy (CCSE), Clean Coalition, Distributed Energy Consumer Advocates (DECA), Sierra Club, Solar Energy Industries Association and Vote Solar Initiative (SEIA/VSI), Division of Ratepayer Advocates (DRA), and California Solar Energy Industries Association (CALSEIA).

suggests that the Commission’s consideration of this matter should be tightly focused on the central policy objective of the California Solar Initiative: creating a self-sustaining solar market. It is critical that the Commission not attempt to shoehorn a wider range of data fields than necessary to support this primary goal.

SolarCity urges the Commission, at a minimum, to refuse calls to expand the scope of the ACR² to include data reporting fields and data collection objectives that stray from the central CSI goal of creating a self-sustaining market for customer-sited solar, in part, because additional requirements will represent additional costs for both installers and utilities. Consistent with our opening comments,³ SolarCity joins the investor-owned utilities (IOUs) to request that the Commission remove or, in the alternative, make voluntary the more onerous reporting requirements within the ACR. If fields beyond those that are directly related to the ability of the utilities to make a determination regarding interconnection are to be pursued, it is incumbent on the Commission to first determine there is a compelling justification for their inclusion and how doing so will facilitate post-CSI market development.

I. The Breadth and Complexity of Party Data Proposals Would Frustrate the Ongoing Efforts to Streamline and Reduce Costs Associated with the Interconnection Process for NEM Customers.

In addition to the 24 reporting fields proposed in the ACR, parties’ opening comments put forward another 22 reporting requirements, approximately, that go beyond the ACR. SolarCity agrees with PG&E and SEIA that any expansion of current requirements contained in the NEM application process is likely to have adverse implications on the time and cost

² Several parties offer suggestions that would require the Commission to expand the data fields beyond the application for interconnection for NEM customers. This goes beyond the scope of the ACR which “proposes that the electric utilities’ Net Energy Metering interconnection applications be updated to include additional data fields from the CSI application form.” ACR at p. 1.

³ We identified nine categories in our opening comments that are likely to create new costs or challenges in the interconnection process: (1) Sale Price for Third-Party Owned Systems; (2) If customer-owned, was PACE financing used?; (3) If third party-owned, then name of owner at time of sale; (4) System output monitoring, and, if so, vendor?; (5) If fixed, then what tilt and azimuth?; (6) Number of inverters and inverter manufacturer(s) and model(s); (7) Number of panels, panel manufacturer, and model; (8) Capacity in DC watts and in AC watts; (9) Electric vehicle(s) charging on site? If so, how many EVs? SolarCity Comments at pp. 5-8.

associated with the interconnection process.⁴ As SolarCity noted in our comments, the reporting requirements requested in the ACR, alone, would add between \$7 and \$22 per NEM application that will not be offset by a CSI rebate or other incentive payment.⁵ Many of the parties' additional proposals are likely to be even more labor intensive and could push those cost figures much higher. We currently incur costs of more than \$40 per interconnection application. Costs associated with the additional fields proposed in the ACR would raise this amount to \$50-\$60 per application due to necessary increased employee time (15-25%) and associated expense to process the application. The total amount would increase by approximately 50% if certain fields proposed by parties are included, which would not account for the total additional increased cost associated with the including the full expansive list proposed collectively by parties.

Beyond the immediate implications of making the interconnection process more complex and costly, the Commission should carefully consider who shoulders the burden of cost increases associated with the NEM interconnection application. Table 1 summarizes the complete list of additional reporting data fields suggested in parties' opening comments that go beyond the list proposed in the ACR.

TABLE 1. LIST OF PARTY PROPOSALS FOR ADDITIONAL DATA FIELDS

Proposed Additional Data Field Requirement	Provided By IOU or On NEM Form?	Parties Proposing	SolarCity's Additional Comments on Proposal
Interconnection-related costs (supplemental review, inspection costs, etc.)	IOU	DRA	SolarCity objects to these data fields becoming a cost assigned to the ongoing administration of NEM. IOUs should be required to provide this type of system-related information, in principle, but through a separate process.
Distribution system planning details at feeder circuit and substation level to identify high-value interconnection sites	IOU	DRA, Clean Coalition	
Cost of electrical upgrades and allocation of those costs	IOU	Clean Coalition, DECA	
Distribution feeder line information and ID of FERC jurisdictional busbars	Not Specified	DECA	
[If and when meter aggregation per SB 594 is allowed] with meter aggregation? If so, specify the annual load on each meter	IOU	DRA	
Permitting costs associated with interconnection	Not Specified	DECA	

⁴ See, e.g., PG&E Comments at p. 6; SEIA Comments at pp. 2-3.

⁵ SolarCity Comments at p. 4.

Proposed Additional Data Field Requirement	Provided By IOU or On NEM Form?	Parties Proposing	SolarCity's Additional Comments on Proposal
Electric tariff-pre-NEM-installation	IOU	DRA	
[If and when meter aggregation per SB 594 is allowed] with meter aggregation? If so, specify the annual load on each meter	IOU	DRA	
Installer CSLB#	NEM Form	DRA, CCSE	These fields are not necessary or important for NEM interconnection.
Energy Efficiency Audit-have done or will do?	NEM Form	DRA	
If third party-owned, third party owner's CSLB# (if applicable)	NEM Form	DRA	
EPBB calculator and energy production information, including shading, orientation, and tracking capability	NEM Form	Clean Coalition, Sierra Club, CalSEIA, CCSE	
Rebate amount (SASH/MASH, etc.)	NEM Form	Sierra Club	
Cost/watt of NEM Project	NEM Form	Sierra Club	
Posting of interconnection dates beyond "date online" and "decommissioned date"	Not Specified	CalSEIA, CCSE	
If third party-owned, then specify any terms regarding escalation of payments	NEM Form	DRA	These fields are not necessary or important for NEM interconnection.
If third party-owned, will third party retain ownership of renewable energy credits?	NEM Form	DRA	
Installation contract/third-party ownership agreement	Not Specified	CCSE	
Total cost of the solar system to the system owner	Not Specified	CCSE	
Rebate amount (SASH/MASH, etc.)	NEM Form	Sierra Club	This information should be obtained through other means.
Census Track	IOU or NEM Form	Sierra Club	This information should be automated using data already provided in interconnection applications.
Include other NEM technologies	NEM Form	Sierra Club, DECA	No comment at this time.

PG&E, SCE & SDG&E all note that complying with additional reporting requirements in the ACR will result in incremental costs. In fact, each utility, in its opening comments, requests that the Commission authorize recovery from ratepayers of any costs they are likely to incur as a

result of the ACR's proposal.⁶ Unlike the utilities, SolarCity and other solar installers do not have the luxury of receiving cost recovery for costs imposed as a result of the ACR. These additional costs fields were previously collected as part of the CSI program, and thus the cost of collecting the data fields was offset by incentive payments. From our perspective, continued collection of these data fields, without CSI support, is a new cost. As explained in our opening comments, the incremental costs of reporting this data must either be passed through to customers—which ultimately impedes customer uptake of systems—or must be absorbed by companies as an additional “soft cost” of doing business. Either option cuts against the strides that the industry has made toward reducing the cost and time of system interconnection by streamlining the interconnection process and reducing other soft costs to expand the market for our services and products.⁷ Reporting requirements unrelated to information necessary to complete NEM interconnection also is inconsistent with the current national policy emphasis on reducing soft costs.⁸

It may be standard practice for the Commission to support data collection and research efforts based on evaluation and verification of a program's benefits, but those efforts usually come with an acknowledgement that expenses will be incurred and the Commission authorizes a budget to comply with those requirements. To the extent that the Commission's reporting requirements economically affect market participants—who will receive no offsetting benefit through a CSI rebate or other incentive payment—SolarCity is concerned that the proposal represents an unfunded mandate that frustrates both the legacy of the CSI program and the Governor's 12 GW goal for distributed renewable generation.

⁶ See, e.g., PG&E Comments at p. 7 (asking for clarification that it may use CSI Measurement & Evaluation funds to comply with the ACR); SCE Comments at p. 5 (citing need for cost recovery authority to pay for incremental costs of developing an automated NEM application portal); SDG&E Comments at p. 5 (noting that SDG&E may face more substantial compliance costs since it is not the current CSI program administrator and would need cost recovery authorization from the Commission).

⁷ See PG&E Comments at p. 6 (noting that “significant resources have been devoted to reducing the ‘soft costs’ associated with solar” projects and that collection of additional data “runs counter to the ongoing efforts by the Commission, PG&E and other stakeholders to streamline the interconnection process for distributed generation (DG) projects.”).

⁸ As PG&E notes, reducing soft costs has been a point of emphasis in projects funded through the US Department of Energy's SunShot Initiative, including regional projects in which PG&E participates. *Id.* at p. 7.

If the Commission does require additional reporting requirements, and it seeks to find a source of funds to offset the costs imposed on market participants, SolarCity suggests that the Commission could authorize customer-generators to recover the incremental costs of complying with these data requirements through a one-time bill credit. While each solar installer may have differing levels of operating efficiency and administrative staffing, and thus face different costs for complying with additional requirements, affected parties could be invited to provide confidential estimates of the incremental costs to comply with the reporting requirements in the ACR, or as narrowed in a final decision. The Commission could then determine a reasonable industry-wide estimate of the average incremental cost per NEM interconnection application. With that information, the Commission could create a one-time bill credit that could be applied to a customer-generator's future bill. Using this method, the Commission could displace the cost impact on the solar industry and NEM customers and allow utilities to recover all associated incremental costs with their own expenses, including the per customer bill credit created to offset the costs to customer-generators.

SolarCity recognizes, however, that no matter who shoulders the burden of increased reporting requirements—solar market participants or the IOUs' ratepayers—these incremental costs cut against NEM's cost-effectiveness as a policy. Given the scrutiny that the Commission will soon be giving to the potential costs of NEM on non-participating customers, SolarCity believes it is ill-advised to advocate for requirements that are likely to increase the costs of NEM administration.

II. The Scope of Data Required for NEM Interconnection Is Limited and All Non-Critical Data Fields Should Be Voluntary.

SolarCity agrees with PG&E and SDG&E that in principle only the minimum amount of information necessary to complete a NEM interconnection application should be mandatory. If the Commission elects to include data fields beyond those necessary to facilitate interconnection, these additional fields should be provided by interconnection applicants on a voluntary basis only.⁹ Citing concerns about the accuracy of customer provided data, SDG&E recommends “proposed data fields should not be mandated as part of this ACR and should not be given much

⁹ See, e.g., PG&E Comments at p.1 (suggesting that customer-specific information should be voluntary, due to privacy concerns); SDG&E Comments at p. 5.

weight as this data may be misleading.”¹⁰ SolarCity agrees with SDG&E, to the extent that it can take considerable effort to ensure that data included in the interconnection application is accurate (and remains accurate). It takes considerable effort for the utilities to police the accuracy of submissions. Similarly, it can take considerable effort for interconnection applicants to provide full and accurate information, particularly as circumstances can change in the time between application submission and final installation. Requiring the IOUs to validate the accuracy of the information will dramatically increase the costs and complexity of administering the interconnection process and, consistent with the concerns expressed above, will cut against the cost-effectiveness of NEM systems.

Looking to markets for unregulated commodities, it would be considered intrusive and obstructive to require details on every contract or transaction, even though the data may be of interest to analysts and policy-makers. In circumstances where there is a clear and compelling public policy benefit to be realized by collecting this information, imposing additional data disclosure requirements may be justified. However, in this instance, that case has not been made. The ACR and a number of parties suggest grossly increasing the burden of the interconnection process with only passing mention of highly qualitative and subjective benefits they believe will result, with essentially no recognition of the increased costs. We submit that it is easy for parties to propose expansive data requirements when they do not directly bear the costs associated with their suggestions. In contrast, as a company that installs tens of thousands of NEM systems, SolarCity is keenly aware and focused on the costs and complications we face, including those specifically associated with interconnection application and process. In short, the point of an interconnection application should simply be to assure the safety of the interconnection. Before any further data collection and disclosure requirements are imposed beyond those specifically needed for this purpose, a more thoughtful consideration of the impacts on the system installers must be undertaken.

III. Standardized and Automated Online Interconnection Applications Will Advance the Goal of Market Sustainability.

SolarCity agrees with several parties that the ACR provides the opportunity to require the IOUs to modernize and standardize the interconnection application process by adopting an online

¹⁰ SDG&E Comments at p.5.

platform capable of automating the IOUs' processing of requests and reporting of required data.¹¹ SolarCity's own comments highlighted our very favorable disposition toward SDG&E's online application system and how, at a minimum, PG&E and SCE should update their systems to match this functionality.¹² SolarCity strongly endorses CCSE's proposal to standardize and centralize the interconnection application process through a single online portal.

Moreover, SolarCity sees merit in considering CCSE's online interconnection portal at this particular time, in response to meeting whatever post-CSI reporting needs are ultimately determined by the Commission. The proposals to standardize and automate the interconnection application through an online platform are likely to reduce participant costs of submitting interconnection requests and, thus, are consistent with the central tenet that the CPUC's post-CSI policies should advance market sustainability. Second, creating online platforms to accept and process requests will create spillover functionality that improves the process for all generators and does not create costs that are solely assignable to NEM. Third, we anticipate that moving to an online interconnection platform, where customers can upload required documentation and actively track the process as it progresses, can drastically reduce the costs of manually processing these applications for the IOUs. Finally, a central portal is more economical than having each IOU develop its own software solution or procure the necessary services to facilitate this change. Even if a central portal is not pursued, SolarCity strongly recommends that the Commission authorize SCE and PG&E to move toward an online platform similar to SDG&E's, which as DRA notes, is capable of fulfilling the automation necessary to bring the costs of data reporting down.

IV. Conclusion

SolarCity encourages the Commission to undertake a more comprehensive look at both the costs and benefit of additional data collection before it imposes additional requirements through the NEM interconnection application. Collaboratively, the Commission, the IOUs, and installers have made steady progress streamlining the interconnection process over the last few

¹¹ See, e.g., DRA Comments at pp. 1-2 (discussing how automation in the interconnection application process could minimize the cost of publishing data); CCSE Comments at pp. 4-5 (proposing a central interconnection application database and online application portal for all three IOUs).

¹² SolarCity Comments at p. 10.

years. The Commission should carefully guard against reversing these significant gains as the CSI Program winds down across the state. Given the highly uncertain nature and magnitude of the benefits associated with expanding the data requirements of the interconnection application, coupled with the specter of increased costs and complexity that these requirements will almost certainly entail, SolarCity respectfully requests that the Commission decline the invitation to expand the scope of the data reporting requirements proposed in the ACR and avoid imposing any new reporting requirements beyond what is currently necessary to facilitate interconnection of NEM systems.

Respectfully submitted at San Francisco, California on September 16, 2013,

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