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Gabriel Petlin
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Comments of San Diego Gas & Electric Company on Draft Resolution E-4610

Dear Mr. Petlin:

In accordance with Rule 14.5 of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), San Diego Gas & Electric Company (“SDG&E”) submits the following brief comments regarding Draft Resolution E-4610 (“DR”), regarding Senate Bill (“SB”) 594 (Wolk, 2012). By its terms, SB 594’s amendments to Section 2827(D) of the Public Utilities Code do not become operative unless the Commission determines that meter aggregation “will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators,” and requires the Commission to reach that determination by September 30, 2013. Energy Division’s August 16, 2013 Comment Letter requests that comments “focus on factual, legal or technical errors in the proposed Draft Resolution.”

The DR commits factual error in finding that allowing eligible Net Energy Metering (“NEM”) customer-generators to aggregate their load from multiple meters will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators.¹ The DR cites insufficient and outdated facts, performs speculative factual analysis and fails to take measures to ensure that no cost shifting to non-participating customers would occur, as required by statute. In short, the DR is factually inaccurate and premature in finding that that no cost shifts will occur because of meter aggregation.

As a consequence, the DR commits legal error by ordering the investor-owned utilities (“IOUs”) to implement and offer NEM aggregation, contrary to the statute’s terms. To correct these legal and factual errors, the Commission should find that meter aggregation will not result in cost shifting only if SB 594 implementation costs are charged to customers who elect to participate in meter aggregation. The Commission should implement a process to ensure this result. The DR also should be revised to further

¹ Draft Resolution E-4610, Findings and Conclusions, p. 3.

acknowledge incremental expenses associated with SB 594 implementation, specifically billing-related and interconnection costs. These comments discuss some of the relevant facts and offers suggestions for correcting the DR's factual and legal errors. The attached Appendix offers corrections to the DR's Findings and Orderings, including removal of reliance on outdated and speculative data.

Meter Aggregation Implementation Will Result In Incremental Billing Costs.

Should the DR be approved, SDG&E expects significant incremental billing-related costs for implementation over and above the cost of billing current NEM customers. Even if SDG&E is able to leverage some of its existing billing infrastructure and best practices learned from implementing similar tariffed services, such as multifamily affordable Virtual Net Metering (“VNM-A”), expanded VNM (“NEM-V”), and the Local Government Renewable Energy Self-Generation Bill Credit Transfer (“RES-BCT”) tariffs, SDG&E anticipates it will incur significant incremental billing and IT costs as a result of implementing meter aggregation. For example, unlike SDG&E's established VNM program, SB 594 requires that kilowatt hour (“kWh”) generation allocations are determined and applied monthly based upon the actual load of the services being aggregated. Each meter's allocation thus would not be a predetermined fixed amount, but would be determined through monthly recalculation and application. This process would be furthered complicated when the aggregation is being applied across meters on various rate structures, such as Time-of-Use (“TOU”) and critical peak pricing. These described generation allocation calculations would be unique to this program, and therefore, would require significant, incremental, changes to the billing system – at significant cost – in order to implement the new program.

It would also be imperative that the aggregated information is displayed to customers in a manner that clearly explains how the monthly allocations were derived. To do this would require additional changes to customers' bills and to SDG&E's online bill summary information (My Energy), thus incurring further incremental costs. Given the complexity of this program, if this was not done, SDG&E would incur additional phone calls and costs related to resolving issues for dissatisfied and confused customers.

In addition, billing multiple interlinked accounts is more complex than billing a single NEM account and also will have incremental administrative costs. Any modification, change, bill correction, or other need to touch one of the interlinked accounts would mean addressing all of the interlinked accounts. The more accounts that are linked to a single generator, the more complex and costly the billing process would become. The DR does not contemplate these increased administrative billing costs resulting from customers who choose to aggregate. To correctly allocate costs in accordance with the statute, NEM customers who elect to aggregate should be responsible for the additional administrative billing and IT costs that are above and beyond those created by a traditional NEM customer. Thus, the draft resolution should be revised to acknowledge

these incremental billing expenses. Indeed, SB 594 itself anticipates that utilities will incur some level of incremental billing expense in order to facilitate aggregation.²

Meter Aggregation Implementation Will Result In Interconnection Costs.

The DR also fails to account for expected costs associated with interconnection impacts and procedures. Because meter aggregation differs from a traditional NEM arrangement, meter aggregation customers should not be exempt from the costs associated with interconnection to the utility's grid. A larger NEM system developed to meet aggregated load (load which could vary in location and service delivery point) will export large portions of its production under an NEM aggregation scenario and could potentially impact SDG&E's transmission and distribution system. Absent a determination on interconnection costs with respect to meter aggregation by the Commission, meter aggregation customers must be treated similar to non-NEM customers and pay the required interconnection costs. All the interconnection request fees, study fees, and electrical upgrades on the distribution and transmission system should be borne by the requesting customer. If these customers are exempt from required interconnection costs, potential gaming may occur, which would result in a cost shift to non-participant customers.

SDG&E has interconnection, operating and metering requirements for non-utility owned generating facilities that customers who request to connect to the utility's electric grid must follow. Pursuant to SDG&E's Rule 21 tariff, a customer is defined as "the entity that receives or is entitled to receive Distribution Service through Distribution Provider's Distribution System or is a retail Customer of Distribution Provider connected to the Transmission System."³ Accordingly, SDG&E has a thorough interconnection process in place for customer's interconnection requests. This process, which can differ by customer, may consist of an Optional Pre-Application Report, Interconnect Request, Interconnection Study, and demonstration of site exclusivity. The customer or applicant requesting interconnection incurs and is responsible for paying the costs associated with their request, which may include interconnection request and study fees as well as any system upgrades resulting from the interconnection study. To comply with SB 594, meter aggregation customers should be responsible for those costs as well.

If interconnection-related costs were not allocated to the responsible customer, potential gaming of the interconnection process may occur. Customers could interconnect under meter aggregation and, at a later date, enter into a Power Purchase Agreement with the utility, thus avoiding all interconnection and study-related costs. There also would be significant cost shifting, which cannot occur to implement meter aggregation. Customers electing meter aggregation should be required to pay the interconnection-related costs associated with the customer's generation in accordance with Rule 21 of SDG&E's tariffs, in order to comply with SB 594.

² SB 594 requires that an NEM eligible customer-generator electing to aggregate the electrical load of multiple meters shall remit service charges for the cost of providing billing services to the electric utility that provides service to the meters.

³ Rule 21 Interconnection Standards for Non-Utility Owned Generation, Sheet 9.

Implementation Timing

Due to the complexity in implementing meter aggregation, SDG&E requests at least thirty (30) days after the Commission issues a resolution to file a Tier 2 Advice Letter revising its NEM tariffs. Additional time is needed to plan out the changes for SDG&E's billing system and internal processes, to enable meter aggregation and the new load-driven generation allocation calculation pursuant to SB 594. As discussed above, the factual issues and operational changes necessary to implement SB 594 are complex and need to be thoroughly vetted to ensure that cost shifting does not occur via the tariffs.

In light of these issues, the Commission should only find that meter aggregation “will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators” if SB 594 implementation costs and other costs incremental to traditional NEM are borne by customers who elect to participate in meter aggregation. The DR should be revised to further acknowledge SB 594 incremental expenses, specifically billing-related and interconnection costs. Moreover, the IOUs should be authorized to offer meter aggregation, but only if IOUs are authorized to allocate incremental costs to customers who elect to participate in meter aggregation.

Respectfully Submitted,

Clay Faber
Director, Regulatory Affairs

cc: President Michael R. Peevey
Commissioner Mark J. Ferron
Commissioner Michel P. Florio
Commissioner Catherine J.K. Sandoval
Commissioner Carla J. Peterman
Edward Randolph, Director, Energy Division
Karen Clopton, Chief Administrative Law Judge
Frank Lindh, General Counsel
Gabe Petlin, Energy Division
ED Tariff Unit
Service List attached to DR E-4610

APPENDIX

Recommended Changes to Proposed Findings and Ordering Paragraphs

FINDINGS AND CONCLUSIONS

4. Net energy metering aggregation pursuant to Senate Bill 594 will likely be utilized primarily to offset the load of non-residential meters, and will increase the proportion of larger net energy metering projects relative to small residential projects.
5. As of 2008, net energy metered solar non-residential generators supplied about 56% of the capacity enrolled in the net energy metering program, but were responsible for just 10% of the total cost of the program.
6. The 2010 Net Energy Metering Cost Effectiveness Evaluation found that, because of lower non-residential rates, non-residential projects cost non-participating ratepayers substantially less than residential projects per kWh exported to the grid.
7. Avoided public purpose program charges and other non-commodity charges would likely decrease through implementation of meter aggregation.
8. Aggregation of multiple meters behind larger distributed generation systems will improve the cost-effectiveness of net energy metering by enabling larger more efficient installations with a lower cost per kWh exported, which represent a lower cost to ratepayers.
9. The Commission finds that allowing eligible customer-generators to aggregate their load from multiple meters, pursuant to Senate Bill 594, will result in incremental implementation and operational costs.
10. The Commission finds that allowing eligible customer-generators to aggregate their load from multiple meters, pursuant to Senate Bill 594, will not result in an increase in the expected revenue obligations of customers who are not eligible customer-generators, only if expected SB 594 implementation costs are borne by customers who elect to participate in meter aggregation. IOU advice letters will ensure that additional costs associated with the implementation of meter aggregation will be allocated to customers who elect to participate in the program, pursuant to Senate Bill 594.

ORDERING PARAGRAPHS

1. Within 1430 days of the issuance of this resolution, Pacific Gas & Electric Company, Southern California Edison Company, and San Diego Gas & Electric shall each file a Tier 2 Advice Letter revising their Net Energy Metering (NEM) tariffs to enable meter aggregation pursuant to Senate Bill 594.