

Sent via email to EDTariffUnit@cpuc.ca.gov on 11/12/13

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

Re: The Interstate Renewable Energy Council, Inc.’s Protest of the Investor-Owned Utilities’ Advice Letters Implementing Resolution E-4610: Pacific Gas & Electric Company (PG&E) Advice Letter 4305-E; Southern California Edison Company (SCE) Advice Letter 2952-E; San Diego Gas & Electric Company (SDG&E) Advice Letter 2529-E.

To the ED Tariff Unit:

The Interstate Renewable Energy Council, Inc.¹ (IREC) respectfully submits its protest to several aspects of the following advice letter filings of the investor-owned utilities (IOUs) to implement net energy metering (NEM) load aggregation, pursuant to SB 594 (2012 Wolk) and Resolution E-4610: Pacific Gas & Electric Company (PG&E) Advice Letter 4305-E; Southern California Edison Company (SCE) Advice Letter 2952-E; San Diego Gas & Electric Company (SDG&E) Advice Letter 2529-E.

SB 594 brings California into the fold of best practices in NEM by removing an unnecessary barrier to adoption for customers with multiple meters, often dispersed along a large property, such as a farm or an industrial campus. The author of SB 594 intended for NEM load aggregation to remove barriers to adopting NEM for customers who would, otherwise, be required to install a generating facility behind each of their multiple meters.² Accordingly, the

¹ IREC is a 501(c)(3) organization that focuses on enabling greater use of clean energy in a sustainable way by (i) introducing regulatory policy innovations that empower consumers and support a transition to a sustainable energy future, (ii) removing technical constraints to distributed energy resource integration, and (iii) developing and coordinating national strategies and policy guidance to provide consistency on these policies centered on best practices and solid research.

² As noted in a the legislative history of SB 594, “[i]nstalling multiple facilities, if it is allowed , is incredibly costly and inefficient and does not allow the customer to optimize the location of the renewable facility on the property, since the incentive is to join the facility with the largest energy usage.” Author’s Statement from the Assembly Committee on Utilities and Commerce Analysis dated June 15, 2012, *available at* http://www.leginfo.ca.gov/pub/11-12/bill/sen/sb_0551-0600/sb_594_cfa_20120615_144816_asm_comm.html.

intent of SB 594 is to allow customers with multiple meters to make decisions about the most efficient manner to locate and operate a NEM facility.

Given the intent of SB 594 to open up a new market for NEM participation and remove arbitrary barriers to adoption, IREC protests aspects of the IOUs' proposals that are contrary to either the intent or letter of the law and suggests several appropriate modifications:

- The proposals to collect billing service charges should be rejected at this time because they are not cost-based and could stifle participation in NEM load aggregation at the outset;
- Contrary to the IOUs' proposals, SB 594 only prescribes a credit allocation for situations where a customer has meters on different rate schedules, but a simpler, lower cost method (e.g., customer election of allocation percentages similar to the method allowed in IOU virtual net metering tariffs) could be used for customers with multiple meters on the same rate schedule;
- The Commission should clarify the definition of "contiguous" to allow customers the practical ability to aggregate loads even where the customer owns a parcel of land in between its generating facility and other meter loads.

Finally, IREC appreciates the Commission's directive in Resolution E-4610 that the IOUs track the interconnection costs for all types of NEM interconnections, but suggests that the IOUs' proposals to accomplish this task lack critical detail. IREC requests that the Commission clarify the categories of costs that should be tracked in order to maximize the usefulness of this information in identifying areas of inefficiency that could be improved upon by process or policy changes in the future.

I. Deferring Imposition of Billing Cost Recovery Charges for One Year Will Allow the IOUs Time to Collect Sufficient Data to Justify a Cost-Based Charge Consistent with the Law and Will Avoid Discouraging Initial Customer Participation in NEM Load Aggregation.

IREC is concerned that the IOUs' billing cost recovery proposals are inconsistent and not aligned with the intent or the letter of the law. SB 594 provides that participating customers "shall remit service charges" to the utility that provides service "for the cost of providing billing." IREC does not disagree that participating customers must remit charges under the law, provided there is a real, cost of "providing billing" that goes beyond the general protections of all NEM customers under Section 2827(g). IREC suggests that the Commission has the discretion to delay the implementation of a service charge for a year or until such later time that the IOUs have gained adequate experience with the program to: (1) accurately ascertain the demand and interest in NEM load aggregation in the market (i.e., the likely number and types of potential participants); and (2) determine the actual costs of providing billing services to NEM load aggregation customers. Additionally, IREC suggests that the approach in assessing these service charges should be consistent across all IOUs.

A. The IOUs’ Proposals Fail to Meet the Requirement of SB 594 for a Cost-Based Billing Service Charge.

SB 594 leaves the Commission significant discretion to implement service charges to account for the costs of providing NEM load aggregation, but puts a strict standard on which costs can be collected. Section 2827(h)(4)(H) provides:

“Notwithstanding subdivision (g), an eligible customer-generator electing to aggregate the electrical load of multiple meters pursuant to this subdivision shall remit service charges **for the cost of providing billing services** to the electric utility that provides service to the meters.”

It is significant that the legislature did not specify a particular charge, or determine the precise means by which it would be collected. Rather, the legislature is relying on the Commission to exercise its discretion to require participating customers to remit charges, consistent with the broad protection from inappropriate additional charges in Section 2827(g). The legislature makes a limited exception from Section 2827(g) for the IOUs to impose charges for billing services for NEM load aggregation, but that exception is conditioned by the strict standard that any billing charges must be cost based. The IOUs have not presented any justification or data that would suggest their respective proposals are cost based.

B. The IOUs’ Billing Proposals Are Highly Inconsistent and Could Lead to Disparate Uptake Results.

For the most part, the NEM program in California is administered consistently across the state. Providers of services that enable customers to participate in NEM often operate in multiple IOU service territories, and are accustomed to generally playing by the same rules across the state. It is significant, thus, that the basic approach to collecting the cost of providing billing for customers aggregating meters varies wildly among the IOUs’ advice letters.

From IREC’s perspective, there is little rhyme or reason as to why the IOUs’ proposals are so different. While SCE and PG&E feature one-time set up fees, as well as flat, recurring monthly charges, SCE’s set up fee of \$25 per account is several times larger than PG&E’s initial set-up fee of \$4 per load account. It is not clear why SEC’s billing costs would be significantly higher in this instance.

SDG&E does not propose a flat, recurring monthly fee, but notes that it may seek to do so once it automates the billing process for NEM load aggregation customers.³ At this time, SDG&E proposes a large set-up fee of \$156 per account for requests with one generator and \$216 per account for aggregating multiple generators. The reasonableness of SDG&E’s proposed set up fee depends largely on how long a customer could expect to proceed without having to make an additional monthly contribution. If the Commission approves SDG&E’s proposed billing service charge, IREC recommends that it should forbid SDG&E from collecting monthly charges on customers for one year, starting at the time the initial fee is paid.

³ SDG&E AL 2529-E at pp. 3-4.

Regardless of the different roads the IOUs take to get there, the end result of these proposals is a significant charge that could prove a barrier to adoption at the rollout of NEM load aggregation in California. As demonstrated in Table 1, a customer with one renewable electrical generation facility that is aggregating five load meters will face expenses ranging from \$780 to \$1325 in the first year, depending on the IOU.

Table 1. Impact of Proposed Billing Service Charges on Customers with Five Benefitting Accounts

IOU	One Time Set-Up Fee (per generating or load account)	Monthly Billing Fee	First Year Cost for Customer with Five Accounts
PG&E	\$4.00	\$15.00	\$920
SCE	\$25.00	\$20.00	\$1325
SDG&E*	\$156.00 \$216.00 (for aggregating multiple generators)	TBD once NEM is automated*	\$780

*SDG&E states that it plans to automate its billing system to handle NEM aggregation and estimates that the upgrade will cost approximately \$200,000 and would take six months, which will then be collected through a monthly customer charge. (No time period set out)⁴

In contrast to the NEM load aggregation billing charge proposals, the IOUs’ existing virtual net energy metering (VNM) charges are modest in comparison. For example, PG&E’s Schedule NEMV features a one-time \$12 set up charge for each benefitting account, but does not feature monthly recurring charges. Thus, a PG&E customer with five benefitting accounts would pay \$60 in the first year under VNM, but would pay \$920 under NEM load aggregation. (See Table 1). Of course, any rational customer would prefer to participate in VNM, but would be unable to do so if their meters are spread out among contiguous properties and not located behind a single service delivery point (SDP). Should the Commission revisit its definition of the SDP, many customers that would take service under NEM load aggregation could choose to take service under VNM instead. Accordingly, there is no technical or practical reason to require a customer with all meters under the same rate schedule—customers that IREC believes should be able to elect to allocate credits on a fixed percentage similar to VNM customers, as discussed in Section II—to pay billing charges in excess of the VNM tariffs. For a customer that elects to allocate bill credits in this manner, IREC sees no justification to charge those customers more than similarly-situated VNM customers enjoying the same benefit.

For customers on different schedules, however, IREC agrees that the statute clearly prescribes how the billing credits should be allocated. IREC acknowledges that performing such a monthly calculation will cause recurring monthly costs. Those charges assessed to offset those costs, however, should be based on what the IOUs actually incur to provide that calculation and billing service, above and beyond what it costs the IOUs to serve net metering customers netting against a single meter.

⁴ SDG&E AL 2529-E at pp. 3-4.

C. Delaying Imposition of Bill Service Charges for One Year Will Allow the Market to Take Root.

Delaying the implementation of the billing service charge for a period of one year would have several advantages in rolling out NEM load aggregation and would advance the intent of SB 594 to remove unnecessary barriers to adoption for qualifying customers. First, delaying the assessment of billing charges will encourage greater participation at the outset, which in turn could lead to economies of scale and help drive down per customer costs of providing billing service. Second, a one-year delay in implementing billing service charges would allow the IOUs to collect a sufficient amount of data to propose cost-justified bill service charges, consistent with the requirements of Section 2827(h)(4)(H).

Recommendation:

IREC proposes that the Commission reject the IOUs' current billing service charge proposals and, instead, require the IOUs to track the billing costs associated with manually processing NEM load aggregation requests. Deferring approval of any such charge until November 2014 will give the market time to respond to this new policy and allow the IOUs sufficient time to collect the necessary data to provide a cost-causation basis for any charge.

II. Allowing Customers Whose Meters Are on the Same Rate Schedule to Determine Billing Credit Allocation Would Provide a Simple, Low Cost Billing Method in Harmony with the Intent of SB 594.

The IOUs' advice letters propose applying a cumbersome method of bill credit allocation to all customers participating in NEM load aggregation, when that method is only required by Section 2827(h)(4)(C) for customers that have metered loads on different rate schedules. SB 594 does not prescribe a particular allocation method for customers on the same rate schedule, leaving the Commission free to adopt a more straightforward and simple approach under those circumstances. With the cost of billing a significant concern, as outlined in section I of this protest, IREC believes that it is important to find ways to reduce the cost of administration, where possible, and to maximize customer input on how aggregation is accomplished, consistent with the intent of the bill. Customers are in a far better position to set allocations of kWh credits in view of expected annual consumption, as compared to the IOUs' proposed labor-intensive monthly reallocation process to determine how credits will be distributed.

IREC's proposal is simple. Customers who aggregate load from multiple meters under the same rate schedule should be treated the same as customers engaged in VNM, for purposes of billing. Under the VNM tariffs, customers have discretion in allocating a certain percentage of the system output (i.e., credits) to particular accounts. If customers wish to change the allocations among their accounts, the IOUs charge a nominal fee to make that adjustment. As discussed in Section I, IREC does not oppose a reasonable fixed charge per account to make such

adjustments, but believes that a monthly recurring charge should not be necessary, consistent with example of PG&E’s Schedule NEMV.

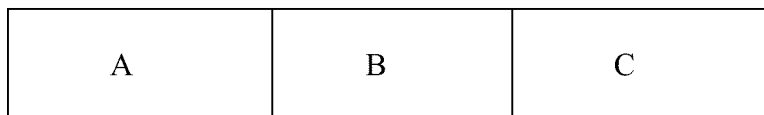
Recommendation:

IREC Proposes that customers with multiple meters under the same rate schedule be allowed the option of electing allocation percentages per meter account, consistent with the IOUs’ allocation of virtual net metering bill credits.

III. Broadly Interpreting the Word “Contiguous” to Include Customers with Multiple Parcels Will Further the Intent of SB 594.

IREC suggests that additional clarification of the term “contiguous” will ensure that customers will be allowed to aggregate loads across multiple contiguous properties, without requiring each property to be directly adjacent to the parcel where the NEM generator is located. Section 2827(h)(4)(F) provides that “parcels that are divided by a street, highway, or public thoroughfare are considered contiguous, provided they are otherwise contiguous and under the same ownership.” Section 2827(h)(4)(A) provides the NEM load aggregation is available “on the property where the renewable electrical generation facility is located and on all property adjacent or contiguous to the property on which the renewable electrical generation facility is located, if those properties are solely owned, leased, or rented by the eligible customer-generator.”

This language does not directly address customers with multiple contiguous properties where all parcels are not adjacent and does not preclude the Commission from interpreting a customer to install a generating facility on parcel A (below) and aggregate loads on parcels A, B, and C.



IREC anticipates that many agricultural customers—one of the intended beneficiaries of SB 594—will face barriers to participating in NEM load aggregation if the IOUs interpret and apply the word “contiguous” restrictively and only allow customers to aggregate loads from properties that are directly adjacent to the site of the generator. Commission clarification that customers with multiple contiguous properties, regardless of whether each property is adjacent to the generating facility property, will ensure that the customers intended to benefit from NEM load aggregation will have the opportunity to “optimize the location of the renewable facility...”⁵

⁵ SB 594, Author’s Statement, footnote 2, *supra*.

Recommendation:

IREC proposes that customer-generators with multiple contiguous properties be allowed to participate in NEM load aggregation without regard to where meters are located relative to the NEM generator, so long as all meters are within the cluster of contiguous parcels.

IV. Consistent and Detailed Tracking of NEM-Related Interconnection Costs Will Be of Great Value to Stakeholders and the Commission.

IREC appreciates the Commission’s directive in Resolution E-4610 for the IOUs to begin to track interconnection costs associated with all NEM systems. This mandate creates the best opportunity yet for the IOUs to shed light on the types of costs associated with different types of NEM generators. For this information to be meaningful to the Commission, IREC suggests that it is necessary for the IOUs to provide far more detail about the how they plan on tracking costs and the types of cost categories that they will utilize. To be of maximum value, it is important to identify cost categories that will provide meaningful information that will help the Commission and parties understand the nature of interconnection expenses and whether there are creative solutions to minimize those expenses moving forward.

As a starting point, IREC would suggest that the IOUs be required to track interconnection costs in at least five cost categories: (1) transformers; (2) secondary wires; (3) technical analysis time (engineering review, site visits, etc.); (4) distribution system upgrades (i.e., assets on the utility system beyond the transformer); and (5) administrative and general costs (back office tasks, including mapping, processing requests, etc.). While this list is not exhaustive, it covers the basic categories of expenses relevant to the Commission’s interest in tracking NEM interconnection costs and should provide valuable insight into areas where the IOUs’ current practices could be streamlined or otherwise improved. In the event that coordination is not already occurring, IREC encourages the Commission to assure that the IOUs will track these costs in a consistent manner and strongly urges the IOUs to work together to develop a consistent method of tracking costs, including agreement on the basic cost categories. As always, IREC welcomes the opportunity to participate in those discussions.

IREC also supports the recent suggestion made by the Office of Ratepayer Advocates that any tracking of interconnection costs associated with NEM-paired storage devices, as currently being considered in R.12-11-005, be coordinated with this broader effort.

Recommendation:

IREC proposes that the IOUs develop a consistent method of tracking NEM-related interconnection costs, using agreed upon categories that provide sufficient granularity of detail to be useful to the Commission and stakeholders.

V. Conclusion

IREC appreciates the Commission's leadership in approving Resolution E-4610 and encourages the Commission to adopt IREC's recommendations in this protest in order to remove barriers to customer adoption at the outset of the NEM load aggregation program.

Respectfully submitted this 12th day of November, 2013,

/s/

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