

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

Order Policies, California Incentive Generation	Instituting Procedures and Solar Program Issues.	Rulemaking Rules Initiative, Other Distributed	for Self-	RULEMAKING (Filed General November 8,	12 - 2012)
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**REPLY COMMENTS OF THE CALIFORNIA CLIMATE AND AGRICULTURE NETWORK ON THE ASSIGNED COMMISSIONER'S RULING REGARDING THE ESTABLISHMENT OF A NET ENERGY METERING TRANSITION PERIOD**

				<b>ADAM</b>	<b>KOTIN</b>
				Policy	Associate
		California	Climate	Agriculture	Network
			1029	K	Street, Su
			Sacramento,		CA
			Telephone:	(510)	333
			Facsimile:	(916)	448
			E - - - mail:	calcan.filings@gmail	
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California Climate Agriculture Network (CalCAN) and the has parties’ opening comments responding to the ACR Regarding Period and NEM respectfully submits the following the reply to the Public Utilities Commission.

**I. INTRODUCTION**

CalCAN wishes to loudly echo the Farm Bureau the Federation that the Commission, in making this should recognize that “there will be limited customer interest that are investment of significant regulatory uncertainty” should first foremost “utilize this opportunity to provide...regulatory assurances.”

In their transition period proposals to the Commission utilities (PG&E, SDG&E, and SCE), as well as of Off-Rate payers TURN, fail to

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<sup>1</sup> California Farm Bureau Federation at 3.

adequately offer the of level long - - - term certainty regulatory current future NEM 1.0  
customer - - - generators is that already by the and the Legislature of  
in numerous goals, directives of 2 legislation.

Customer - - - generators always rates to change often they considered  
fact in design deciding to the systems. They did not that respect  
the very structure of the tariff they signed their contracts — in essence  
core of relationship with the utility, functioning of system  
for its intended purpose — might be subject system to change

To claim, as same parties it was not NEM 'reasonable'  
contracts would the an life of the system information — available at  
in some cases the information 3 disseminated is by to the under  
fundamentals of thousands of California contractors businesses who have  
installed renewable energy systems since the NEM tariff first

The Commission has asked to “considering the NEM period transition  
“reasonable expected payback based on the year took the customer  
service.”4 It is from clear the proposals put in for parties’ comments to  
the Commission that determination based primarily will be on payback  
necessity be (a) overly simplistic; (b) determined (c) or extremely

2 Among these, Section 2827(a) of the Public Utilities Code describes this intent of long term objectives and mechanisms. Summarized and expanded by IREC in their Opening Comments at 4 5. - - -  
3 CalSEIA notes, at 6, that the CPUC website entitled “Net Energy Metering” (<http://www.cpuc.ca.gov/PUC/energy/DistGen/netmetering.htm>) tells potential customer - - - generators that “NEM rates are typically available for the lifetime of the system.”  
4 PUC Section 2827.1(b)(6)

burdensome to administer above and all, of a custodian - - - generators' re  
expectations in pursuing priorities the State of California.

Conversely, party comments shown have established well fair, justifiable  
measure of expected life — of, on at the minimum, order 25 - - - 30  
which the grandfathering might period be based.

We therefore reaffirm our for support Commission determination  
Governor Brown's request customers under protection for rule the  
expected life of systems. An elaboration our replies on to and the  
other issues related the NEM period following

## II. REPLIES TO PARTIES' COMMENTS ON THE MATTER OF A TRANSITION PERIOD.

### A. 'VINTAGE' GRANDFATHERING WILL CREATE UNCERTAINTY AND RENEWABLE ENERGY INVESTMENT.

In their opening comments to the Commission BURN SB 688, SCF,  
a grandfathering period than five or result ten in years' a will RE  
installations seeking to in lock the NEM NEM contract comes before into  
fear is used giving those justify NEM contracts between April 1, the 2014  
commencement of NEMs 2.0 shortened grandfathering period.

We refute the validity this argument. The number allowable of  
under NEM 1.0 subject already the 5% aggregate for customer each  
electric utility, July 1, 2017 deadline, set Any by 'four' the these Legislatur

<sup>5</sup> See opening comments from: The Alliance for Solar Choice; CalSEIA; California Energy Storage Alliance; California Farm Bureau Federation; Interstate Renewable Energy Council; NEM PAC; and SEIA and Vote Solar.

<sup>6</sup> Signing statement viewable at: [http://gov.ca.gov/docs/AB\\_327\\_2013\\_Signing\\_Message.pdf](http://gov.ca.gov/docs/AB_327_2013_Signing_Message.pdf)

remaining contracts would simply accomplish intent when it legislated that cap.

Furthermore, the PG&E proposals to “taper” under the NEM period. 1.0 more recent advertisements significant sign degree of uncertainty and would surely destabilize the logic of many RE investments under April 1, 2011, January 1, and 2016.

Under these proposals, the hypothetical prospective generator would know the terms of system’s his engagement here in Northern Energy first or seven years life. Following its that period, would uncertain entirely until the Commission decides how long NEM December will 31, uncertainty will provide an extreme disincentive to install a full twenty - - - one - - - month (01/01/2014) period - - - Any 01/01/2014) a financial horizon longer than or six years would simply vanish.

The grandfather terms of NEM 1.0 must be universal for generators, regardless of when NEM contract Assembly 32 Bill signed does suggest different terms for ‘later’ we adopted strongly urge the Commission create this condition to renewable investment.

**B. NO MEASURE OF PAYBACK CAN ADEQUATELY ADDRESS REASONABLE EXPECTATIONS OF CUSTOMER - - - GENERATORS.**

Parties have proposed several measures payback ‘expected’, from culled sources as varied as material advertisements, newspaper articles, and all based upon mistaken belief that an ‘average’ or payback would period sufficiently the address expectations of NEM customer - - - generators in California. After

parties have noted in comments, actual payback periods upon an array of factors. Simply ignoring expectations of customer - - - generators whose payback periods above the median solutions an Policy that *only* supports variable energy installations average shorter payback periods sets a dangerous precedent that will greatly diminish the and scope of investment in renewable energy in California.

The only 'reasonable' that a customer - - - generator when making investments was the NEM contracts be valid for systems. We recommend that Commission's recognition and move beyond tests related to "payback period".

**C. THE COMMISSION IS FULLY UNJUSTIFIED IN DETERMINING THE LENGTH OF THE PERIOD AND FATHERING**

The language in statute the Commission *shall* reasonably determine "payback period" in establishing a transition. As discussed above, "an inadequate tool in this context, superseding the intent of Legislature creating the Net Energy Metering is long to - - - investment confidence in distributed renewable energy generation. We encourage the Commission to consider and then dispense with "payback period" that period.

Fortunately, the Governor presented an alternative, reasonable and superior approach to determining period in this language, signing which is also a directive to the Commission. As by was the majority of parties opposing comments, the lifetime of justifiable system alternative measure on to which the length of period. of Using the Original

Equipment Manufacturer's Warranties, as well as the results of analyses from and the Rocky Mountain Institute, they place the system's expected life for solar PV installations to be 25 - around 30 years, 96% minimum. energy production through NEM and NEM construction installations, we consider it prudent to use PV characteristics for administrative simplicity. Therefore, the Governor's intention message that Commission should consider "the expected of systems" should be disregarded, a parties request, but should be used more as a reference for taking a determination regarding the transition.

**D. GRANDFATHERING STATUS SHOULD STAY WITH THE SYSTEM**

Several parties argue grandfathering should be eliminated upon ownership transfer of a system. They acknowledge installations have been shown to increase the value of a home for customers have made the decision to invest in renewable energy generation because of the increased value to home property.

These customers were working under a reasonable expectation that this increased value to home property would survive a transfer. Because a renewable system using Net Metering provides function and value from access to the private NEM of tariffs.

<sup>7</sup> NREL, Nov. 2012. "Life Cycle Greenhouse Gas Emissions from Solar Photovoltaics." Accessible online at: <http://www.nrel.gov/docs/fy13osti/56487.pdf>

<sup>8</sup> Rocky Mountain Institute, 2013. "A Review of Solar PV Benefit & Cost Studies." Accessible online at: [http://www.rmi.org/Knowledge\\_Center/Library/2013\\_13\\_eLabDERCostValueN](http://www.rmi.org/Knowledge_Center/Library/2013_13_eLabDERCostValueN)

<sup>9</sup> Notably, SDG&E at 3, footnote 6.

transfer of ownership would value an unfairly investment made with e  
'reasonable' expectations. The value of grid access is through t  
the value of the energy renewal system, there is and no legitimate reason  
of ownership should this equation.

Therefore, the Commission clarifies that grandfathering rights with the  
system for the of entirety established period, regardless any ownersh  
transfers that may occur.

### III. CONCLUSION

On behalf of business in California made - - fair  
renewable energy investments sustainability and energy independence, again  
urge the Commission regulatory certainty in issuing  
California farmers are proud as of leaders in renewable energy - farm  
installations, as well the contributions made toward reducing gas green  
emissions and meeting the State's environmental business goals. But,  
bottom line tout for. look A NEM 1.0 that grandfathering reasonable  
expectations would disrupt financial calculus strongly discourage fut  
investment in renewable technology This would be a tremendous  
is ripe with for potential distributed renewable energy generation in  
We therefore reiterate the following requests of the Comr

- **Consider and dispense with period' 'payback for the rational transition period, utilizing system life instead;**
- **Treat all NEM customer - - - generators the same date way, of system interconnection; and**



- Clarify that grandfathering rights stay with the system, ownership status.

Thank you for the opportunity to provide most important  
look forward to a swift determination by the Commission.

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Respectfully Submitted,



**Adam Kotin**  
Policy Associate  
California Climate Agriculture Network  
1029 K Street, Suite  
Sacramento, CA 95814