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January 21, 2014

Edward Randolph, Director
Energy Division
California Public Utilities Commission
505 Van Ness Avenue, Room 4004
San Francisco, CA 94102

Re: SolarCity Corporation's Protest to Pacific Gas and Electric Company Advice 4305-E-A, Supplement - Revise Electric Rate Schedule NEM and Establish a New Electric Sample Form for NEM for Load Aggregation Pursuant to Senate Bill 594 and Resolution E-4610; and Protest to both San Diego Gas & Electric Company's Advice 2529-E-A, Partial Supplemental Modification of SDG&E's Net Energy Metering Tariffs and Related Forms Pursuant to Senate Bill 594 and Resolution E-4610, and Southern California Edison Company Advice 2952-E-A, Supplemental Filing to Modify Advice 2952-E, Modifications to SCE's Net Energy Metering Tariffs to Enable Multiple Meter Aggregation Pursuant to Senate Bill 594 (Wolk, 2012) and Resolution E-4610

Dear Energy Division Tariff Unit,

SolarCity Corporation (SolarCity)[1] respectfully submits this Protest to Advice Letters 4305-E-A (PG&E), 2952-E-A (SCE), and 2529-E-A (SDG&E), filed on January 16 and 15, 2014, respectively. These supplemental Advice Letters modify certain aspects of what the Investor Owned Utilities had proposed in their initial advice letters filed on October 21, 2013 pursuant to Resolution 4610. Those Advice Letters proposed modifications to the Investor Owned Utilities' (IOUs) Net Energy Metering (NEM) tariffs in order to implement Senate Bill (SB) 594.

[1] SolarCity is California's leading full service solar power and energy efficiency provider and provides cost-effective financing that enables homeowners, business and government organizations to eliminate the high upfront costs of solar and efficiency improvements. SolarCity has more than2000 California employees based at 17 facilities around the state and hasprovided clean energy services to more than30,000 California customers.

Background

SB 594 (Wolk, 2012) provides a means for customers with multiple meters located on one or more parcels of neighboring lands to aggregate loads for purposes of sizing customer-side renewable generation to serve the aggregate load served by those meters. This meter aggregation program holds great promise to enable more cost-effective deployment of customer side renewable energy systems. It will eliminate constraints that many customers may face in deploying renewable facilities. Prior to enactment facilities were required to be paired on a one-for-one basis with meters through which a customer receives utility service. By allowing aggregation of load across multiple meters SB 594 allows customers to deploy customer-side renewable generation in a more optimal and cost-effective manner.

On October 21, 2013, the IOUs submitted advice letters proposing changes to their NEM tariffs in order to implement SB 594. SolarCity protested these advice letters, focusing on three key issues that SolarCity believes would have an adverse impact on the efficacy of SB 594 in fulfilling its intended aims, if implemented as proposed by the IOUs. The key areas where SolarCity specifically raised concerns were with regard to:

- The excessive set-up and billing charges the IOUs would to impose on customers pursuing meter aggregation.
- The definition of "contiguous or adjacent" which, as proposed by the IOUs, would grossly limited the applicability and effectiveness of the program in facilitating meter aggregation as intended by the statute.
- The crediting methodology which, as proposed by the IOUs, would result in a substantial share of generation output value being effectively stranded.

In addition to these critical issues, SolarCity also expressed concern with the effective dates proposed by the IOUs, which would have unnecessarily delayed the program's availability.

Based on information provided in the instant filings, following the submission of protests and the IOUs' responses thereto, Energy Division sent a memorandum to the IOUs on December 16, 2013 requesting that they make certain modifications to their SB 594 Advice Letter filings. Following this, a number of meetings were apparently held with the IOUs to discuss Energy Division's request. Subsequent to those discussions, the IOUs submitted the instant supplemental filings. Although SolarCity was not given an opportunity to participate in the discussions leading up to the submission of the supplemental advice letters, we want to express our sincere gratitude and appreciation for Energy Division's effort to expeditiously resolve the issues that a number of parties raised with regard to the initial Advice Letters.

In general, SolarCity believes that Energy Division's suggestions, would address a number of the concerns SolarCity raised in our Protest, including our concerns related to the definition of the term "contiguous or adjacent", the credit allocation methodology, and the timing for when the advice letters are to become effective. Because the IOUs have essentially modified their advice

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letters to make them consistent with Energy Divisions suggestions as they relate to these issues, we believe those matters are fully resolved. However, we remain concerned with the utilities' proposed initial set-up costs and billing fees.

SDG&E's Proposed Charges Appears the Most Reasonable and Should be Adopted For All Three IOUs. However Customers Should Have the Option to Pay On a Monthly Basis.

In their supplemental filings, the utilities propose establishing the following billing-related costs:

PG&E:

PG&E's billing regime, which reflects Energy Division's proposed approach, consists of two elements, an initial, $25 per-meter set-up fee, capped at $500 for a given aggregation, and an ongoing, monthly, per meter billing charge of $5.

SCE:

SCE's proposal is the same as PG&E's as it relates to set-up fees, with a per meter set-up fee of $25, capped at $500 for a given aggregation. However, rather than an ongoing $5 monthly per meter billing fee, SCE proposes a $20 monthly per meter billing fee.

SDG&E:

SDG&E's proposal involves a one-time set-up charge of $220 per meter and no ongoing billing fees.

SolarCity supports SDG&E's proposal and notes, assuming a 10-meter configuration, that the amount of revenue collected under PG&E's approach would exceed the amount of revenue that SDG&E asserts it would need to recover its billing costs in the program within approximately four years. SCE's proposal would result in the utilities recovering more than SDG&E asserts it needs in less than a single year. Thus, from a cost standpoint, SDG&E's approach appears the most reasonable of the three utilities and should be adopted for all three IOUs, with two important adjustments, as described in more detail below. Importantly, of the IOUs, SDG&E provides the most detailed breakdown of the costs it anticipates incurring.

First, recognizing that setup costs should decline as more meters are aggregated under a single account, both as a result of scale efficiencies and automation, SolarCity proposes that the total set-up cost across all aggregated meters for a given customer account be soft-capped at $2,200. Thus, for the first 10 meters the set-up cost per meter would be $220, declining for every meter thereafter.

Second, a $220 meter charge could, for some customers, pose a substantial barrier by imposing a sizable upfront cost. To address this issue, SolarCity suggests that the CPUC direct the IOUs to provide an option whereby the charge could be paid as a monthly fee of no more than $5 a month per meter, with the total amount to be paid to the utility capped at $220 per meter .

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Changes in Billing Fees and Charges Based on Over or Under Collections Identified in the Memorandum Account Should be Applied to New Aggregations Only

SolarCity is not opposed per se to a memorandum account and review, and recovery of any under collections or return of any over collections. However, in the event that there is a need to modify billing charges based on approved costs in the IOUs respective memorandum accounts, SolarCity believes those changes should only be applied to new customer accounts or aggregations. While we appreciate and fully support not retroactively seeking to recover those costs from existing aggregations, SolarCity notes that the ability to modify these charges to existing customers, even if only on a going forward basis, introduces substantial uncertainty into the decision-making process, particularly given that there is no cap on what those adjustments might be. This will impact the willingness and ability of customers to pursue these projects. For this reason, SolarCity believes that any going forward changes to billing fees and charges that are determined to be necessary following a close review of the IOUs memorandum accounts should only apply to new aggregations.

Conclusion

SolarCity appreciates the opportunity to provide feedback on the IOUs' Supplemental Advice Letters implementing SB 594.

Respectfully submitted this 21st day of January, 2014,

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