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 (November 8, 2012)

COMMENTS OF THE VOTE SOLAR INITIATIVE ON PROPOSED DECISION ESTABLISHING A TRANSITION PERIOD PURSUANT TO ASSEMBLY BILL 327 FOR CUSTOMERS ENROLLED IN NET ENERGY METERING TARIFFS

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Pursuant to Rule 14 of the Rules of Practice and Procedure of the California Public Utilities Commission (Commission), The Vote Solar Initiative (Vote Solar) comments on the Proposed Decision Establishing a Transition Period Pursuant to Assembly Bill 327 for Customers Enrolled in Net Energy Metering Tariffs, issued in R.12-11-005 on February 20, 2014 (Proposed Decision).

I. INTRODUCTION

As an initial matter, we note that the Proposed Decision omits reference to Vote Solar's prior contributions to the record in this proceeding supporting a longer transition period based on expected system life. Vote Solar submitted both opening comments and reply comments jointly with the Solar Energy Industries Association (SEIA) in December 2013 regarding the net energy metering (NEM) transition period. However, the Proposed Decision omits mention of Vote Solar in the list of parties supportive of a longer transition period in footnote 21, and the SEIA/Vote Solar Joint Comments are incorrectly referenced as "SEIA comments" in several places throughout the Proposed Decision. We respectfully request that the Proposed Decision be corrected to properly reflect Vote Solar's contributions to the record.

In these comments, we strongly support the Proposed Decision's determination that the transition period for customers who net meter under the current NEM program should be "based on a conservative estimate of the equipment's expected life, and… [ensure] reasonable payback that includes some return on the customer's initial investment." [1] However, we disagree that 20 years is an appropriate conservative estimate of a net metering solar photovoltaic (PV) system's expected life; evidence in the record supports a *minimum* of 25 years, with reasoned basis to support a finding of 30 years.

We also support the determination in the Proposed Decision that one uniform transition period apply to all customers who net meter under the current NEM program, as that approach is consistent with legislative intent and minimizes complexity for customers. Finally, we propose a modification to eliminate problems associated with possible IOU delays in approving NEM interconnection applications.

II. DISCUSSION

A. The Record Shows That the Expected Life of a Solar PV System Is Not 20 Years, But Is Instead A Minimum of 25 Years

While we support the use of expected system life as the appropriate primary metric upon which to base the NEM transition period, we disagree that the weight of evidence in the record supports 20 years as a reasonable estimate of expected solar PV system life. Instead, the expected life of a solar PV system is a *minimum* of 25 years, with reasoned basis to support a finding of 30 years. The Proposed Decision does not cite evidence noted in the SEIA/Vote Solar Joint Comments, as well as in Comments of The Alliance for Solar Choice (TASC)[2] and the

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[1] Proposed Decision, p. 20.

[2] See Opening Comments of The Alliance for Solar Choice Regarding the Establishment of a Net Energy Metering Transition Period, R. 12-11-005 (December 13, 2013) (TASC Opening Comments), pp. 8-9.

California Solar Energy Industries Association (CALSEIA)[3] that the leading manufacturers of solar modules installed in California offer warranties that guarantee power production will *exceed 80 percent* of their solar modules' power output rating for 25 years. CALSEIA included on page 4 of its Opening Comments a table showing that a 25 year power output warranty is a market standard among leading PV manufacturers. This standard long-term guarantee indicates that the expected operating life of the solar module, which is the primary component in a PV system, is in fact significantly longer than 25 years.

Moreover, the Proposed Decision also fails to refer to estimates of expected PV system life that has made been available to consumers interested in going solar via a website jointly managed by the Commission and the California Energy Commission, GoSolarCalifornia.ca.gov. As the Net-Energy Metering Public Agency Coalition (NEM-PAC) noted in opening comments,[4] one of the calculators made available on that website, provided by the City of Berkeley, expresses savings on an annual basis over the twenty-five year expected system life. The same website also links to the Solar Advisor Model (SAM) from the National Renewable Energy Laboratory; SAM's commercial payback calculator assumes a thirty year expected system life. Given that the Commission has encouraged the interested public to assess expected payback periods using calculators that assume a 25- to 30-year system life via the Go Solar California website, it would be inconsistent with customers' reasonable expectations for the Commission to find that the expected life of a PV system is only 20 years.

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[3] See Comments of the California Solar Energy Industries Association Regarding the Establishment of a Net Energy Metering Transition Period, R. 12-11-005 (December 13, 2013) (CalSEIA Opening Comments), pp. 3-5.

[4] See Opening Comments By City Of Benicia, Lemon Grove School District, Nline Energy, Inc., Padre Dam Municipal Water District, Rancho California Water District, San Diego Unified School District, Terraverde Renewable Partners, Llc, And Valley Center Municipal Water District, p.6.

B. Applying One Transition Period for All Customers Who Net Meter Under the Existing Program Minimizes Complexity and Is Consistent with Legislative Intent

We also strongly support the Proposed Decision's determination on page 23 not to "adopt a shorter transition period for customers that enroll in NEM between January 1, 2016 and the implementation of a successor tariff" as proposed by the investor-owned utilities. We agree that setting just one transition period for all customers who take service under the current NEM program will, as the Proposed Decision states, "be administratively simpler and more transparent [for] customers…"[5] than applying a different transition period to customers who take service after Jan 1, 2016 and before the implementation of the successor program. If a differing transition period were applied for customers taking service under the NEM tariff after Jan 1, 2016, customers interested in net metering would face significant additional complexity as they seek to understand their options for compensation under net metering and the successor program. Creating a 'third class' of NEM customers in this way would create additional confusion and uncertainty for customers, which will in turn slow the rate of solar installations as customers interested in going solar will be unsure which transition period will apply to them. Larger rooftop solar projects can take two years or more to install, meaning market disruption would start immediately given the difficulty of precisely predicting the amount of time needed to move through the installation process.

In addition, though not cited in the Proposed Decision, SEIA/Vote Solar noted in reply comments[6] that AB 327 clearly directs the Commission to establish a singular transition period applicable to *all* customers taking service under the NEM tariff prior to the earlier of July 1,

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[5] Proposed Decision, p.23.
[6] SEIA/Vote Solar Reply Comments, pp.12-13.

2017, or when an IOU's NEM cap is reached. Section 2827.1 (a)(6) states that the Commission must

> "[e]stablish a transition period during which eligible customer generators taking service under a net energy metering tariff or contract prior to July 1, 2017 or until the electrical corporation reaches its net energy metering program limit pursuant to subparagraph (B) of paragraph (4) of subdivision (c) of Section 2827, whichever is earlier, shall be eligible to continue service under the previously applicable net energy metering tariff for a length of time to be determined by the commission by March 31, 2014" (emphasis added).

This legislative language does not contemplate varying transition periods dependent on when customers install their systems. If the Legislature had intended to delineate NEM customer classes in any way, including by applying separate transition periods based upon the time a customer interconnected its system, the legislative language or accompanying bill analysis would have made this clear. Instead, AB 327 codifies the Commission's May 2012 decision establishing the correct methodology for calculating the 5% NEM cap which has been in place since 2010, and does not indicate that customers under that cap should be subject to different rules depending on whether they went solar before or after development of the successor program rules. A rule that provides shorter transition periods for certain customers who take service under the current NEM program would effectively undermine the provision of AB 327 establishing megawatt goals under the current NEM construct for each IOU.

Finally, it is uncertain that creating a second, shorter transition period for certain customers who take service under the current NEM program in later years would meaningfully reduce the number of customers who go solar in time to receive the longer transition period. If the second transition period was much shorter than the first, the resulting incentive would simply be for developers and customers to move quickly to take advantage of the longer transition period for customers who have shorter installation timeframes and can take service before Jan 1, 2016, causing a greater near-term market boom followed by increasing gridlock as the date of the second transition period draws nearer.

C. To Eliminate Uncertainty Associated With Possible IOU Delays In Approving NEM Interconnection Applications, All Customers Who Have Completed Their Application Materials At Least 30 Days Before The Trigger Date Or July 1 2017 Should Be Eligible Under The Current NEM Program

The Proposed Decision currently leaves open uncertainty about whether IOU lag times in issuing Permission to Operate letters could prevent customers from being eligible under the current NEM program. The Proposed Decision states that the start of the transition period "will be measured from the year the individual system was interconnected, indicated by the date on which the system received permission to operate,"[7] *i.e.*, the date of the Permission to Operate Letter. However, PU Code Section 2827 (e)(1), a portion of the NEM statute, states that the Permission to Operate Letter must be issued by the IOU within 30 days of submission of a completed application:

> "Every electric utility shall ensure that requests for establishment of net energy metering and net surplus electricity compensation are processed in a time period not exceeding that for similarly situated customers requesting new electric service, but not to exceed 30 working days from the date it receives a completed application form for net energy metering service...."

Since Permission to Operate Letters are often delayed beyond the statutorily mandated 30 day period by the IOUs, the Proposed Decision's use of the date when the PTO letter was issued by the IOU could allow customers to be denied the ability to take service under the current NEM program purely because the IOU failed to abide by the required 30 day interconnection period.

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[7] Proposed Decision, p. 22.

This leaves room for uncertainty and disputes that will harm the effectiveness of the NEM program.

The Commission can resolve this problem by modifying the Proposed Decision to provide that if a customer submits a completed NEM application by June 1, 2017 or at least 30 calendar days before the date that the IOU's megawatt NEM cap is reached, whichever is earlier, then that customer will be eligible under the current NEM program for the applicable transition period. (While PU Code Section 2827 (e)(1) mandates a timeline of 30 *working* days, 30 calendar days is consistent with that mandate while also eliminating market uncertainty regarding how many days in that month are working days.)

III. CONCLUSION

For the reasons stated above, the Proposed Decision should be modified to properly reflect Vote Solar's contributions to the record, and to set a NEM transition period based on a reasonable estimate of the expected life of a PV installation, which is a minimum of 25 years. The Proposed Decision should also be modified to provide that if a customer submits a completed NEM application by June 1, 2017 or at least 30 calendar days before the date that the IOU's megawatt NEM cap is reached, whichever is earlier, then that customer will be eligible under the current NEM program for the applicable transition period.

Respectfully submitted this March 12, 2014, San Francisco, California.

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