

**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
(Filed November 8, 2012)

**REPLY COMMENTS OF CALIFORNIA FARM BUREAU FEDERATION ON THE
PROPOSED DECISION OF COMMISSIONER MICHAEL R. PEEVEY**

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I. INTRODUCTION

Pursuant to Rule 14.3 of the Commission's Rules of Practice and Procedure the California Farm Bureau Federation ("Farm Bureau")¹ submits these reply comments on the Proposed Decision of Commissioner Michael R. Peevey. ("PD") In the context of this proceeding, Farm Bureau continues to focus on the impact of the issues to be decided on its members who take service largely on agricultural schedules, although in some cases they may be served on commercial schedules as well. The extensive discussion and information provided in the proceeding, including the dialogue that occurred at the All Party Meeting held March 12, 2014, affirm that the PD has provided the right direction in resolving the singular issue required of the Commission by AB 327 at this juncture – the appropriate transition period for customers on the Net Energy Metering ("NEM") Program. Farm Bureau reiterates its support for the approach taken by the PD and addresses here proposals that recommend multiple or shortened transition periods which deviate from the PD. Also addressed is a discussion of the assessment made of the payback analysis reflected in the PD.

II. A SINGLE TRANSITION PERIOD IS THE OPTIMUM SOLUTION

The PD correctly finds that "...a transition period that denies customer-generators the opportunity to realize their expected benefits would not be in the public interest, to the extent that it could undermine regulatory certainty and discourage future

¹ The California Farm Bureau Federation is California's largest farm organization with approximately 78,000 agricultural and associate members in 53 county Farm Bureaus. California farmers and ranchers sell \$44.7 billion in agricultural products annually, accounting for hundreds of thousands of jobs in California.

investment in renewable distributed generation.”² In fact, it should be recognized that a transition period which backtracks from commitments underlying the NEM program not only discourages investment in distributed generation, but also in other future programs requiring customer investment based on long-term planning. In reviewing recommended proposals for multiple transition periods for customers, it is apparent a single transition date serves the underlying goals of NEM and balances the varying interests among the parties.

An important benefit of NEM from the customer-generator perspective is the straight-forward nature of the program and the relative ease in understanding how its elements function, both in relationship to interconnection and the crediting process. The straight-forward nature of the NEM program at this juncture would be compromised by the introduction of the separation of customers by a variety of metrics, especially commencement of operation. At the most, there are about three years remaining in the program. Sufficient challenges will be faced with blending the elements of the successor NEM tariff once adopted with the existing program moving forward, adding multiple eligibility requirements in the short term will only greatly complicate the program. Consideration of the impediments to multiple transition periods was undertaken by the PD, which recognized the detriment of adopting anything other than a singular period.³

PG&E’s renewed proposal for three different eligibility requirements for NEM customers has not improved with time.⁴ A transition creating different rules before and after March 31, 2014, as PG&E proposes, assumes that there was sufficient time for

² PD, page 20.

³ PD, page 23.

⁴ PG&E Comments on PD, page 3.

customers to respond to imminent changes resulting from the adoption of AB 327. In fact, customers, like agricultural customers who may have multi-year planning horizons, would have based decisions to move forward with projects on a pre-AB 327 framework. Establishment of different rules for customers commencing operations before and after March 2014 disregards the time needed to incorporate changing rules into the program. Nor could those interested in this process have anticipated from the language of AB 327 the potential for multiple transition periods. Because the details of a successor NEM program will not be known until it is actually adopted by the Commission, it should be acknowledged no one can make decisions about the viability of affected projects until after January 2016.

The transition periods proposed by SDG&E and SCE reflect proposals considered and appropriately rejected by the PD.⁵ The PD effectively recognized the wide variability in customer circumstances when it considered an appropriate and singular transition period. Admittedly there are a wide range of years and level of benefits customer-generators receive from their systems that must be taken into account; the PD provides a reasonable solution and balance for implementation of the remainder of the program in a short period of time. To assist in minimizing uncertainties near the conclusion of the current NEM program, Farm Bureau supports the suggested modification proposed by the Vote Solar Initiative to minimize uncertainty by allowing eligibility for NEM based on the completed NEM application.⁶

Commission Rule 14.3(c) provides for comments on proposed decisions requiring that “Comments shall focus on factual, legal or technical errors in the

⁵ SDG&E Comments on PD, page A1; Edison comments on PD, page 3.

⁶ The Vote Solar Initiative Comments on the PD, March 12, 2014, page 7.

proposed or alternate decision and in citing such errors shall make specific references to the record or applicable law.” PG&E, Edison and SDG&E reference letters from Legislators regarding AB 327 for the Commission’s consideration in the transition for the current NEM program. It would be appropriate, of course, for all letters submitted by Legislators regarding the PD, including those which support the approach taken in the PD, to be considered.

III. THE PD APPROPRIATELY RECOGNIZED THE LIMITATIONS OF THE PAYBACK ANALYSIS PRESENTED BY THE UTILITIES

Farm Bureau addressed the documentation provided by the utilities about the range of payback periods for NEM systems in earlier comments,⁷ which comments demonstrated and continue to reveal the limitations of those analyses. Edison questions the assessment by the PD that certain customer classes will require 18 years to recover their initial investment, stating that it only applies to less than 1% of the sample.⁸ Two points are important to consider regarding Edison’s comments. First, the percentage of customers who have such payback periods are a much greater percentage of commercial customers than the 1% indicated. Furthermore, the customers impacted may be even higher than Edison presents, as its analysis excluded about 40% of the small commercial NEM installations. The PD was correct to highlight the limitations in the estimates of the payback periods presented by the utilities.⁹ Edison’s own estimates would severely undermine commercial projects if its transition date of 2023 were adopted for commercial customers. TURN, as well, recognized the

⁷ Farm Bureau Comments dated January 6, 2014.

⁸ Edison Comments on PD, page 9.

⁹ PD, page 19.

longer payback period appropriate to commercial based projects.¹⁰ Of particular concern to Farm Bureau, noted in the January comments, was the lack of clarity as to whether any of the utilities included agricultural results in their analyses.

IV. CONCLUSION

Farm Bureau's concern throughout this proceeding has been that certainty be provided to customers engaging in this widely promoted and recognized state program. Customers do not expect guarantees, but they do expect a reasonable opportunity to respond to changes in programs. The PD recognizes the planning needs of customers, as well as the direction provided by the Legislature and Governor. An important element of the NEM program is the recognition that it is capped at 5%, that element has not changed. Farm Bureau appreciates the thoughtful approach the Commission has provided in considering the best course to pursue as the current NEM program concludes and the successor program begins to take shape.

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Respectfully submitted,



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¹⁰ TURN Comments on the PD.