

Clean Coalition Informal Comments to the California Public Utilities Commission Regarding April 2014 Workshop on Net Energy Metering Successor Tariff or Contract

May 30, 2014

The Clean Coalition respectfully submits the following comments on the Commission’s April 2014 workshop on the Net Energy Metering (NEM) Successor Tariff or Contract (“NEM 2.0”). The Clean Coalition’s comments focus on aligning NEM 2.0 with AB 327’s requirement for utilities to develop Distribution Resources Plans, and supporting the growth of distributed generation on cost-effective customer sites that were not provided financial incentives to participate in the original NEM program. A diversified portfolio approach that supports solar development at a broad range of customer sites, and targets optimal locations, is essential for meeting legislative requirements to ensure sustainable growth of customer-sited distributed renewable generation, while keeping total benefits and costs of the program to the electrical system approximately equal.

The Clean Coalition is a California-based nonprofit organization whose mission is to accelerate the transition to renewable energy and a modern grid through technical, policy, and project development expertise. The Clean Coalition drives policy innovation to remove barriers to procurement, interconnection, and realizing the full potential of integrated distributed energy resources, such as distributed generation, advanced inverters, and energy storage. The Clean Coalition participates in proceedings before the Commission and other state and federal agencies throughout the United States.

I. Guiding Principles

The Clean Coalition supports several of the possible guiding principles proposed by Commission staff at the workshop. First, we agree that the legislative requirement to support sustainable growth of customer-site renewable distributed generation necessitates market certainty, transparency, and predictability, considering customer expectations and long-term benefits of distributed generation.

We support the guiding principle that the successor tariff or contract should be consistent with other Commission policies and goals involving distributed energy resources. We recommend specifically ensuring that NEM 2.0 is consistent with the Section 769 Distribution Resources Plans requirements to guide distributed energy resources to optimal locations on the grid. In addition to requirements relating to NEM, AB 327 added Public Utilities Code 769, which requires the investor owned utilities to submit Distribution Resources Plans by July 2015 that identify optimal locations for distributed energy resources and guide these resources to optimal locations on the grid. These plans must “Evaluate locational benefits and costs of distributed resources located on the

guide distributed energy resources to the best locations on the grid and reduce the uncertainty around costs and timeframes involved in grid interconnection. The Clean Coalition is currently working on the Hunters Point Project, a Community Microgrid Initiative project in collaboration with Pacific Gas & Electric.⁵ This project will serve 25% of total energy consumed at the Hunters Point substation in San Francisco with local renewables, balanced with intelligent grid solutions like advanced inverters, demand response, and energy storage. The Clean Coalition uses sophisticated powerflow modeling and cost-benefit analysis tools to help utilities determine how – and precisely where – local renewable energy can be supported in the distribution grid by intelligent grid solutions. The Clean Coalition team works with utilities and modeling tools providers to improve tools for seeing, and planning enhancements for, the distribution grid. For the Hunters Point project, we are working with PG&E’s modeling tool provider CYME. We are also developing standard specifications for modeling tools providers, so that lessons learned from this experience can be applied to any other modeling tool.

IV. Projects Greater than 1 MW, Sizing to Onsite Load

AB 327 allows projects greater than 1 MW that do not have a “significant impact” on the distribution grid to be built to the size of onsite load if the projects are subject to reasonable interconnection charges under Rule 21. The Clean Coalition recommends interpreting “significant impact” in a manner consistent with the rest of AB 327, including Section 769 of the Public Utilities Code.

Section 769 provides that the utilities shall propose grid investments to support distributed energy resources for inclusion in the ratebase, provided that these grid investments will yield net benefits to ratepayers. To develop these proposals, the utilities would need to determine the optimal locations and amounts of distributed generation that would result in net benefits to ratepayers. Accordingly, any project that does not exceed the amount of feeder capacity made available by such proposed grid investments should be considered cost-effective and not have a “significant impact” on the distribution grid.

Whether an individual project has a positive or negative impact on the distribution grid should depend on both the characteristics of the individual project and its position in the queue for available capacity. For example, if there is only 500 kW of cost-effective capacity for distributed generation on a feeder line section, then a 1 MW project that may export more than 500 kW to the grid should not be allowed to proceed. However, the 1 MW project should be allowed to proceed if it has a maximum export capacity of 500 kW, enforced with a breaker to limit export. So long as exports to the grid remain within the cost-effective capacity, such exports should be considered to have positive impacts on the grid.

Further, to maintain consistency with the AB 327 requirements to optimize locational

⁵ For more info, see <http://www.clean-coalition.org/our-work/community-microgrids/>

