

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

Request for Informal Comments Following the Public  
Workshop Discussion of NEM Successor Tariff or  
Contract Options

(Held April 23, 2014 at the  
California Public Utilities  
Commission)

**INFORMAL COMMENTS BY THE NATURAL RESOURCES DEFENSE COUNCIL  
(NRDC) FOLLOWING THE PUBLIC WORKSHOP DISCUSSION OF NEM  
SUCCESSOR TARIFF OR CONTRACT OPTIONS**

May 30, 2014

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**I. INTRODUCTION AND SUMMARY**

NRDC is a non-profit membership organization, with nearly 100,000 California members with an interest in receiving affordable energy services and reducing the environmental impact of California's energy consumption. We have a strong interest in pursuing clean and cost effective distributed energy resources, which, with proper guidance and planning, can yield positive benefits for the environment, the distributed resource owner/operator and the entire utility customer base served by electric utilities. Getting the value of distributed generation precisely right is complicated; implementing new tariffs and rates based on that value can also be challenging. Additional monitoring and metering equipment along with new accounting systems are needed to do it accurately and fairly. We commend the Commission for its approach in providing this open multi-stakeholder forum to comply with the directives in AB 327 to begin to scope out potential options for a net metering successor tariff or type of contract program.

**III. RESPONSES TO THE WORKSHOP MEMO QUESTIONS**

In this Section, we respond to the questions posed in the post-workshop memo. (Questions are reprinted in *italics*.)

**Questions on Possible Guiding Principles**

1. ***Possible Guiding Principles:*** *Are there any clarifying edits or additions that should be considered to the seven possible Guiding Principles provided above? Please describe how any new Guiding Principles are distinct from those already discussed.*

We agree with the revised Guiding Principles and have nothing further to add at this point.

2. ***Sustainable Growth:*** *The first legislative requirement for the NEM Successor Tariff—the ‘sustainable growth’ requirement for renewable customer generation—elicited many comments and interpretations during the workshop. What are the possible definitions and metrics the Commission could consider when implementing the following requirement?*

*“Ensure that the standard contract or tariff made available to eligible customer generators ensures that customer-sited renewable distributed generation continues to grow sustainably.”*

We interpret this objective, ‘sustainable growth’ to mean that distributed generation resources are able to provide a growing share of the generational needs dictated by the electricity load (demand), receiving fair and just compensation for the value provided to the grid (local and system-wide), including fair value for meeting existing regulations that the utility must comply with that a given DG technology is able to meet. Upon a full and accurate evaluation of costs and benefits of DG that considers its varied forms and possible synergistic combinations, e.g. rooftop solar with on-site battery storage, if the DG resource is more cost effective than the next best alternative, then it is in the best interest of society to pursue it.

### **Questions on Possible Program Elements**

1. ***Possible Program Elements:*** *Are there any clarifying edits or additions that could be considered to the list of possible Program Elements provided above? Please describe how any new Program Elements are distinct from those already discussed.*

We agree with the revised “Tariff or Contract Program Elements” charted out in the Memo and have nothing further to add at this point.

2. ***Local Grid Adders/Interconnection Fee Exemptions:*** *To what extent could local grid benefits or preferred locations (discussion during the workshop touched upon the possibility of local grid adders as well as interconnection fee exemptions in certain locations) be captured and incentivized in the design of the new tariff or contract? Do we have enough information to be able to capture and value these benefits or locations, and if so, at what scale?*

We agree that preferred locations on the grid should be recognized and valued based on their overall benefit to the local grid. The tool to assess preferred locations should include fully transparent methodology, be communicated through maps and diagrams that are easily recognizable to all stakeholders, provide a sufficient level of precision – e.g. at the grid distribution level, and be performed at regular intervals so that it can accurately reflect local and

system changes through time.

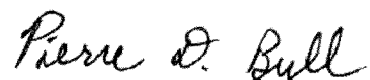
3. **Projects greater than 1 MW:** *AB 327 allows projects greater than 1 MW that do not have a significant impact on the distribution grid to be built to the size of onsite load if the projects are subject to reasonable interconnection charges under Rule 21. What are possible definitions and metrics the Commission could consider when determining whether or not a project has a ‘significant impact’ on the distribution system?*

A reasonable definition for ‘significant impact’ ought to rely on recent historical on-site customer load data to determine expected export to the grid. The utility ought to maintain the ability to limit the total export capacity as a means to protect local grid and feeder assets in the case of unplanned or sudden unexpected changes in on-site load or system export should occur.

4. **Alternatives in Disadvantaged Communities:** *AB 327 requires that the Commission include specific alternatives designed for the growth of distributed generation among residential customers in disadvantaged communities. Parties noted during the workshop the importance of virtual net energy metering (VNM) to the deployment of renewable generation in multi-family affordable housing communities, as well as IREC’s CleanCARE rate proposal. Are there any other considerations that the Commission could take into account in the design of alternatives (either a new tariff or contract, or variations to the Program Elements) in disadvantaged communities?*

Disadvantaged communities ought to be provided ample, low financial risk opportunities to participate in clean energy investment and development. We do not yet have an opinion on any specific alternatives designs that various parties have articulated at this point; however, we encourage the Commission to continue soliciting for ideas and work towards defining alternative programs that will lead to greater participation of customers and businesses in disadvantaged communities in distributed clean energy development with positive economic outcomes.

Respectfully submitted,



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Dated: May 30, 2014