



May 30, 2014

Mr. Ehren Seybert and Mr. Jason Perkins
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

**SUBJECT: Informal Comments of the California Climate & Agriculture Network
Following the Public Workshop Discussion of NEM Successor Tariff or Contract Options**

Dear Mr. Seybert and Mr. Perkins,

Thank you for the opportunity to provide informal comments following the April 23rd workshop to discuss the development of a successor tariff or contract to the current net energy metering (NEM) policy. This is our response to the Request for Informal Comments served to the R.12-11-005 service list on May 16th by Mr. Perkins.

The California Climate and Agriculture Network (CalCAN) is a coalition of sustainable agriculture organizations and farmer member groups working at the nexus of climate change and agriculture issues. We are a party to proceeding R.12-11-005 and intend to contribute extensively as the NEM successor tariff/contract is developed pursuant to AB 327.

Comments on Possible Guiding Principles

Modify Principles 4 and 5:

We appreciate your efforts to properly frame the scope and focus of the contract/tariff's development. We find much to applaud in the proposed Guiding Principles put forth during the April 23rd workshop and through your subsequent modifications.

In particular, we are pleased to see the Commission prioritizing principles of transparency (*Principle #1*), flexibility (*Principle #5*), and regulatory certainty (*Principle #2*). The successor contract or tariff will need to fully embody these principles in order to simultaneously address the requirements of AB 327, meet California's distributed renewable energy generation goals, and satisfy customer-generators as well as non-participating ratepayers.

Therefore, in order to strengthen and clarify the Possible Guiding Principles drafted in your May 16th Request, we submit the following suggested edits:

Modify Principle #4 to close with, "...among different technologies, applications, financing structures, and customer classes."



- While the modified proposal partially recognizes the need to serve a diversity of approaches to developing distributed renewable energy generation, the Guiding Principles should explicitly recognize the need for growth across customer classes. As discussed below, we believe AB 327’s call for ‘sustainable growth’ goes beyond just growth in total installed capacity but also growth in the penetration of renewable customer generation across economic sectors and contexts.

Modify Principle #5 to read, “The successor tariff or contract should be flexible, and include **open, transparent** processes for future review and modification.”

- Through Principle #3, transparency is highlighted in the tariff or contract’s policies themselves. Our minor suggested edit to Principle #5 would ensure that the process for providing ‘flexibility’ to the tariff/contract would also be transparent and easily accessible to stakeholders. Built-in openness and transparency in the processes for future review and modification will increase confidence in the long-term viability of the contract/tariff, adding an additional level of certainty to prospective customer-generators.

On defining and quantifying ‘Sustainable Growth’:

The Request for Informal Comments asks for possible “definitions and metrics” for ‘sustainable growth’ that the Commission could consider in meeting the requirements of Public Utilities Code Sec. 2827.1(b)(1). We wish to echo comments made at the workshop, and reflected in the workshop minutes, that AB 327’s requirement for ‘sustainable growth’ should be prioritized and extended to the non-residential sector.

For growth of renewable customer generation to truly be ‘sustainable’, it must diversify across customer classes and market areas. Rapid growth in customer-sited renewables deployment that is too intensively concentrated in the Residential sector, for example, is inherently unsustainable. As technologies and energy markets co-evolve, the state must actively support a diversified portfolio of customer-sited renewables investments to provide stability through the various disruptions and market shifts that may occur.

We therefore urge the commission to adopt a definition of ‘sustainable growth’ that specifies not just growth in total installed capacity, but also growth across customer classes, industries, technologies, and applications. Concurrently, we urge the use of metrics that track and fully represent the diversification of customer-sited generation described in the previous paragraph; for example, a metric that describes the ratio of customer-sited Residential to Non-Residential installations by number and total MW capacity.

Comments on Possible Program Elements



legislation creating NEMA] **will lower the net cost of NEM**” (*emphasis added*). This is especially important to note given AB 327’s intent is to balance the net costs and benefits of customer-sited distributed generation. A successor contract or tariff that does not adequately include, refine, and integrate NEMA- and VNEM-like mechanisms for multi-metered properties would be a huge step backwards in this regard. Resolution E-4610 also highlights that NEMA will likely increase NEM participation in the Non-Residential sector, which is important for the reasons highlighted previously.

We therefore suggest clarifying the ‘Possible Program Variants’ to include explicit mention of these existing programs, as in, ‘multi-metered properties (including multi-tenant and aggregated meter arrangements)’. While we look forward to refining these program structures through the process of developing a successor contract/tariff, we do not find it prudent to go back to the drawing board on multi-metered issues.

On ‘Local Grid Adders’

CalCAN is very interested in exploring the concept of local grid adders or interconnection fee exemptions based upon the local grid benefits provided by certain customer-sited installations. Particularly in rural areas where grid infrastructure is older and less well-maintained, agricultural producers could be incentivized to install renewables based on added compensation for any local grid benefits provided.

At this time, however, CalCAN does not have enough knowledge of the types of information available to capture or provide incentives based on these types of benefits. Nonetheless, we encourage the Commission to include this possibility in the NEM Alternatives Public Tool to the extent possible, and look forward to a significant discussion and analysis of this topic.

Conclusion

Again, thank you for the opportunity to provide informal comments on this matter. Please let us know if you have any questions.

Sincerely,

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