

**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)

**REPLY COMMENTS OF THE SOLAR ENERGY INDUSTRIES ASSOCIATION ON
PROPOSED DECISION REGARDING NET ENERGY METERING
INTERCONNECTION ELIGIBILITY FOR STORAGE DEVICES PAIRED WITH NET
ENERGY METERING GENERATION FACILITIES**

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Pursuant to Rule 14.3 of the Rule of Practice and Procedure of the California Public Utilities Commission (Commission), the Solar Energy Industries Association (SEIA)¹ replies to certain comments on the Proposed Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering (NEM) Generation Facilities (PD) which were filed in the above captioned proceeding on May 5, 2014.

I. INTRODUCTION

The PD correctly clarifies that storage devices that are (1) paired with NEM-eligible generation facilities, and (2) meet the Renewables Portfolio Standard (RPS) Eligibility Guidebook requirements to be considered an "addition or enhancement" to NEM-eligible systems are exempt from interconnection application fees, supplemental review fees, costs for distribution upgrades, and standby charges when interconnecting under the current NEM tariffs. The comments advanced by TURN, that the exemptions granted NEM paired storage by the PD are a matter of policy not law, should be soundly rejected. NEM paired storage is entitled to these exemptions under applicable law. Moreover, the comments submitted by the investor owned utilities on the PD, which focus on limiting the ability of NEM paired storage to garner the benefits afforded to such systems under law, lack basis and should be dismissed by the Commission.

¹ The comments contained in this filing represent the position of the Solar Energy Industries Association as an organization, but not necessarily the views of any particular member.

II. NEM PAIRED STORAGE SHOULD NOT BE DENIED THE EXEMPTIONS AFFORDED UNDER THE STATUTE

A. NEM-Paired Storage Exemptions are a Matter of Law not Policy

TURN erroneously argues that the PD’s conclusion that that storage devices that are (1) paired with NEM-eligible generation facilities, and (2) meet the RPS Eligibility Guidebook requirements to be considered an "addition or enhancement" to NEM-eligible systems are exempt from the same fees and costs as the NEM system is a policy decision, but is not supported by law.² TURN is wrong.

TURN bases its argument on the fact that Section 2827 (b) (11) of the PU Code defines “Renewable electrical generation facility” to mean a “facility that generates electricity from a renewable source listed in paragraph (1) of subdivision (a) of Section 25741 of the Public Resources Code.” Thus, TURN argues that the “ NEM statute identifies the renewable *fuel* sources listed in the RPS statute as the basis for NEM eligibility, but the PU Code does not adopt the entire definition of a generation facility from the Public Resources Code, including the phrase “and any additions or enhancements.”³ It is TURN, not the PD, that is redefining the definition of “renewable electrical generation facility” as contained in the PU Code.

Specifically, TURN reads the term “fuel” into the statute. The statute does not contain such modifier. Rather it refers to renewable sources listed in section 25741 (a) (1) of the Public Resource Code. The renewable sources listed are facilities that use:

biomass, solar thermal, photovoltaic, wind, geothermal, fuel cells using renewable fuels, small hydroelectric generation of 30 megawatts or less, digester gas, municipal solid waste conversion, landfill gas, ocean wave, ocean thermal, or tidal current, and any additions or enhancements to the facility using that technology.

Thus, law, not policy affords NEM paired storage, which meets the RPS Eligibility Guidebook requirements to be considered an "addition or enhancement" to NEM-eligible systems, exempt from interconnection application, supplemental review, distribution upgrade, and standby charges.⁴

² Comments of the Utility Reform Network on the Proposed Decision Regarding NEM Eligibility for Paired Storage Devices, R. 12-11-005 (May 5, 2014) (TURN Comments), pp. 1-3.

³ TURN Comments, p. 2 (emphasis added).

⁴ Given that these exemptions are a matter of law, the Commission does not have the discretion to “reconsider waiving distribution upgrade costs associated with the interconnection of storage” as sought by PG&E. *See* Pacific Gas and Electric Company Comments on the Proposed Decision

B. The Addition of Storage does not Increase the Generation Capacity of the Underlying Renewable Generation

SDG&E misapplies the Commission determined treatment of additions and modifications to NEM systems in an effort to reduce the number of storage systems which will be afforded the applicable exemptions. This effort must be rejected. Specifically, SDG&E, purportedly applying the criteria established by the Commission in Decision 14-03-041 for the treatment of additions and modifications to NEM systems, asserts that:

If a customer has a photovoltaic (“PV”) system and elects to purchase an energy storage system that would exceed the 10% system modification threshold, this should be considered a material addition to the original generating facility. Therefore, consistent with D. 14-03-041, the energy storage device should have either a different transition period if the customer interconnects the storage device under an existing NEM tariff, be susceptible to additional metering requirements, or interconnect under the NEM successor tariff.⁵

The 10 percent modification threshold, however, has nothing to do with the addition of storage, but rather an increase in the generation capacity of the NEM system. The addition of a storage system to a NEM installation does not increase the generation capacity of the installation. Storage systems do not generate electricity. Accordingly, a storage system added to a NEM installation is “subject to the same transition period, as the underlying renewable generation system to which they are connected.”⁶

C. Storage Capacity should not Count toward 1 MW Size Limitation or the NEM Program Cap

SDG&E’s proposals to count storage plus NEM eligible generation with which its paired in an additive manner for purposes of (1) the 1 MW NEM generating system size limit imposed by Public Utilities Code Section 2827, and (2) the NEM program cap of 5% of the electric utility’s aggregate customer peak demand should be rejected. With respect to the former

Regarding Net Energy Metering Interconnection Eligibility for Storage Devised Paired with Net Energy Metering Generation Facilities. R. 12-11-005 (May 5, 2014) (PG&E Comments), pp. 5-6.

⁵ Opening Comments of San Diego Gas & Electric Company on the Proposed Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devised Paired with Net Energy Metering Generation Facilities. R. 12-11-005 (May 5, 2014) (SDG&E Comments), pp. 3-4.

⁶ *Id.*, p. 29.

proposal, SDG&E's professed basis for its proposal is that the 1 MW restriction remains necessary for the NEM paired storage system in order to limit distribution upgrade costs that could result from projects interconnecting to the electric grid where existing infrastructure could not accommodate such need.⁷ However, this is counterintuitive as storage will not increase the amount of electricity being exported to the grid above the capacity of the NEM installation. Similarly, with respect to the latter proposal, as storage does not increase the generation capacity of a NEM installation, the size of the storage system should not be viewed as additive to the NEM system for the purposes of determining whether the NEM cap has been reached. Moreover, because the PD proposes metering requirements which limit eligibility for NEM credits to the output from the solar system, SDG&E's concerns are without merit and should be rejected.

III. METERING REQUIREMENTS FOR NEM PAIRED STORAGE SHOULD NOT BE UNNECESSARILY ONEROUS

A. Use of Device Internal Metering Should be Allowed

In its opening comments, SEIA maintained that it is preferable to continue use of the same approach currently employed by the IOUs under their respective NEM-MT tariffs to ensure NEM accounting integrity, but provide system owners the optionality to utilize device internal metering to provide the relevant information.⁸ The IOUs expressed concerns regarding the use of device internal metering as it would require the IOUs to rely on energy usage data from third parties, who do not have a standardized method for collecting, formatting, and communicating that data to the utilities.⁹ The IOU's concerns are overstated as they have not presented any evidence that data from third party metering would be inaccurate. Moreover, the imposed metering requirements are for the purpose of mitigating what is already a de-minimus risk -- *i.e.*, NEM gaming. Rather than imposing rigorous and costly metering requirements which could

⁷ SDG&E Comments, p. 4.

⁸ Comments of the Solar Energy Industries Association on the Proposed Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities, R. 12-11-005 (May 5, 2014), pp.

⁹ SDG&E Comments p. 6; PG&E Comments, p.9; Comments of Southern California Edison Company on Assigned Commissioner's Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities , R. 12-11-005 (May 5, 2014) (SCE Comments), p.5.

serve as a barrier to the integration of NEM paired storage, the Commission should allow for the use of device internal metering, while directing the IOUs to undertake the necessary analysis to identify the variance, if any, from the revenue grade meters employed by the IOUs. If such a variance exists, then the Commission could take the necessary steps to ensure accurate metering.

Thus, should the Commission determine that customer-owned meters cannot be relied upon, SEIA recommends that the Commission consider substituting modeling estimates for the data regarding renewable system output that would otherwise be provided by a meter. This would allow for the continued use of the NEM-MT methodology, while addressing the concerns about accuracy and other challenges the IOUs associate with customer-owned meters.

B. The PD's \$500 Cost Cap is Reasonable and Should be Retained

The PD sets a cost cap of \$500 for metering requirements associated with NEM paired storage. PG&E opposes the cap and requests that the Commission set a cost cap of \$600 for instances in which a simple SmartMeter installation would be sufficient and remove the cost cap for “more complex metering arrangements.”¹⁰ PG&E's request for an open ended cost structure for certain metering arrangements runs directly contrary to the rationale behind a cap -- the need for customers to know concrete metering costs in advance.¹¹ PG&E's request for a \$600 cost cap for SmartMeter installations does not square with the recognition of other IOUs that \$500 should be sufficient.¹² PG&E's request to change the \$500 cost cap provided for in the PD should be denied.

III. THE CSI INCENTIVE CLAIM DEADLINE SHOULD BE EXTENDED FOR APPLICABLE PROJECTS

Sunverge proposes to expand Ordering Paragraph 7 of the PD to provide an extension of the incentive claim applicative deadline for CSI projects that are also affected SGIP storage projects.¹³ SEIA supports the proposed 120 day CSI incentive claim extension for all affected SGIP storage projects in order to provide program consistency and ensure projects are not unreasonably prevented from leveraging available incentives.

¹⁰ PG&E Comments, p.8.

¹¹ *Id.*, p. 7 (“PG&E appreciates the need to establish concrete metering costs for customers.”).

¹² SCE Comments, p. 6.

¹³ Opening Comments of Sunverge Energy, Inc. on the Assign Administrative Law Judge's Proposed Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering Generation Facilities, R. 12-11-005 (May 5, 2014) p. 4

IV. CONCLUSION

SEIA supports the PD and submits that it should be expeditiously adopted with the limited modifications set forth above and in its Opening Comments.

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

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