

**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)

**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 comments on the Proposed Decision Regarding Net Energy Metering Interconnection Eligibility for Storage Devices Paired with Net Energy Metering (NEM) Generation Facilities which was issued in the above captioned proceeding on April 15, 2014 (Proposed Decision).

I. INTRODUCTION

The Proposed Decision correctly clarifies, consistent with applicable law, that storage devices that are (1) paired with NEM-eligible generation facilities, and (2) meet the Renewables Portfolio Standard 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. SEIA supports the Proposed Decision, but submits that limited changes should be effected in order to ensure (1) that currently interconnected NEM paired storage systems are reimbursed for all costs which they have been

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.

erroneously charged, and (2) that the rules are not structured in a manner which may limit legitimate uses of NEM paired storage.

II. LIMITED MODIFICATIONS SHOULD BE MADE TO THE PROPOSED DECISION TO ENSURE REASONABLE IMPLEMENTATION

A. Currently Connected NEM Paired Storage Systems Should be Reimbursed for all Fees and Costs from which they were Rightfully Exempt

As noted above, the PD clarifies existing policy that storage devices that are (1) paired with NEM-eligible generation facilities, and (2) meet the Guidebook requirements to be considered an "addition or enhancement" to NEM-eligible systems are exempt from certain fees and costs. The IOUs, however, have not been following such policy and have imposed additional charges and requirements in order for a storage paired renewable generator to be NEM-eligible.² These charges have been erroneously collected.³ Accordingly, the PD should be revised to direct the IOUs to reimburse these systems for all such fees and costs.

B. Projects that have Paid Metering Costs in Excess of the \$500 Cap should be Reimbursed for any Costs Above this Amount

Similar to the issue above, and in order to ensure that NEM paired storage systems which have already interconnected are not disadvantaged by the fact that such interconnection occurred prior to the clarification of the Commission's rules regarding such interconnections, the PD should be modified such that the IOUs are directed to reimburse any NEM paired storage facilities which have been subject to metering costs in excess of the \$500 limit. Such reimbursement is consistent with Commission's intent that NEM-paired storage systems already

² See APD, pp. 10-11.

³ These costs / fees for which the customer should be reimbursed include the interconnection application fee, supplemental review fees for facilities that did not qualify for fast track interconnection, standby charges, and the costs of any distribution system upgrades triggered by the addition of the generating facility to the local circuit.

connected should be treated comparably to those that connect subsequent to the Commission adopting the Proposed Decision.⁴

Moreover, in order to ensure that the metering requirements do not become a deterrent to the interconnection of NEM paired storage elements, the PD should be modified to direct the IOUs to provide customers the option to pay the amount over an extended period not to exceed 12 months.

C. Modifications should be made to the Requirements Designed to Preserve Integrity of the NEM Program to Ensure Equity in Implementation

SEIA supports the Commission’s goal of preserving NEM program integrity. SEIA, however, is concerned that the methodology adopted by the PD for ensuring that the NEM credit for systems sized at 10 kW or less is only generated by eligible renewable electric generation is highly ambiguous and may, under certain interpretations, have the effect of undermining legitimate usage of the storage system.

Specifically, in order to ensure NEM integrity in a manner which is cost effective for small systems, the PD proposes that, for systems sized at 10 kW or less, the generating facility’s data acquisition system (which SEIA interprets as synonymous with “device internal metering”) be used to measure the total energy drawn into the facility against the total energy dispatched by the facility on an annual basis. The resulting “de-rate factor” would then be applied to the facility’s annual export credits during the NEM true-up period. The PD, however, creates a high level of ambiguity with respect to the specific nature of this formula and in what circumstances it applies. Thus, in the discussion section, the PD provides a formula that involves measuring the

⁴ See PD at p. 21 (emphasis added) (“The NEM Tariff shall be modified to incorporate the sizing and metering requirements described in this decision for NEM-paired storage systems, both small and large. *This modified tariff shall apply to all NEM-paired storage systems, even those currently interconnected.*”)

energy exported from and imported into the “Generating Facility.”⁵ However in the Ordering Paragraphs, the formula is re-stated to measure energy exported from and imported into the “Storage Device.”⁶ Additionally, whereas the discussion section of the PD appears to make this alternative approach available to systems less than or equal to 10 kW, irrespective of the number of inverters, the Ordering Paragraphs limit the applicability of the alternative to systems less than or equal to 10 kW that have a single inverter. This ambiguity is highly problematic and, as a result, unintended consequences may result.

For example, reasonable interpretations of the formula in the PD appear to result in problematic outcomes. Thus the language in the discussion section appears to suggest that, with the exception of de minimis consumption required to keep the storage device operational, any use of storage that involves grid charging (*e.g.*, charging the storage battery during off-peak hours, storing that energy and then discharging to directly meet onsite loads during peak hours) will reduce the number of NEM credits that the customer’s solar system can receive regardless of whether any stored energy is exported to the grid. This is because, as proposed, any grid purchase increases the de-rate factor used to adjust the NEM credit. Such a result appears to assume that all uses of the storage device that involve grid charging results in gaming of the NEM program in some way, and thus, inadvertently forces customers to choose between, or compare the value of, the full NEM credit versus using their storage systems to address an expanded set of use cases.

The Commission should not adopt a methodology that as currently developed is fraught with uncertainty. Given the ambiguity in the Proposed Decision SEIA submits that it is preferable to continue to use the same methodological approach that is currently employed by the

⁵ PD, p. 19.

⁶ PD, Ordering Paragraph 4, p. 35 .

IOUs under their respective NEM-MT tariffs to ensure NEM accounting integrity but also provide system owners the optionality to utilize device internal metering to provide the relevant information. Systems with device internal metering are capable of providing IOUs the same data as Net Generation Output Metering (NGOM) devices. Given that NGOM devices meet NEM-MT metering requirements and the metering requirements proposed in the PD for systems sized larger than 10 kW, any equipment capable of providing IOUs the same data—as device internal metering can—should be deemed adequate for smaller systems. SEIA believes the inclusion of device internal metering for systems 10 kW or smaller appropriately ensures NEM integrity while limiting unnecessary cost barriers and restrictions on system functionality.

SEIA also supports extending the use of device internal metering for systems larger than 10 kW, particularly to the extent the metering solutions proposed for systems greater than 10 kW are not technically viable for or unduly constrain the operation of certain system configurations.

III. CONCLUSION

SEIA supports the PD and submits that it should be expeditiously adopted with the modifications set forth above.

Respectfully submitted this May 5, 2014, San Francisco, California.

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