

**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
(Filed November 8, 2012)

**REPLY COMMENTS OF SOLARCITY CORPORATION ON THE
PROPOSED DECISION REGARDING TRANSFER OF RESPONSIBILITY FOR
COLLECTING SOLAR STATISTICS FROM THE CALIFORNIA SOLAR INITIATIVE
TO THE NET ENERGY METERING INTERCONNECTION PROCESS**

KEYES, FOX & WIEDMAN LLP
Jason B. Keyes
Thadeus B. Culley
436 14th Street, Suite 1305
Oakland, CA 94612
Tele: (510) 314-8203
(510) 314-8205
Email: jkeyes@kfwlaw.com
tculley@kfwlaw.com

Counsel for SolarCity Corporation

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Pursuant to Rule 14.3 of the California Public Utilities Commission's (Commission) Rules of Practice and Procedure, SolarCity Corporation (SolarCity) submits these reply comments on Commissioner Peevey's Proposed Decision (PD) regarding transfer of responsibility for collecting solar statistics from the California Solar Initiative (CSI) to the net energy metering (NEM) interconnection process. SolarCity replies here to the opening comments filed by PG&E, SCE, SDG&E, the Solar Energy Industries Association (SEIA), the California Solar Energy Industries Association (CalSEIA), and the Center for Sustainable Energy (CSE).

I. SolarCity Agrees with PG&E and SCE that the Costs of Certain Proposed Requirements Outweigh the Usefulness of the Data Sought

SolarCity agrees with the approach the PD takes in respect to some data collection issues, including the determination not to require the submission of contracts for purchase or lease of a system or the validation of data by the investor-owned utilities (IOUs). In that same spirit, we concur with points raised by PG&E and SCE regarding the costs associated with data validation and maintenance of the Expected Performance Based Buydown (EPBB) calculator. As explained in section III of these comments, the PD's reporting requirements would add between \$21 and \$33 per NEM system interconnection application to SolarCity's current cost.

A. Holding the IOUs Responsible for Data Validation Will Lead to Process Inefficiencies.

SolarCity agrees with SCE and PG&E that the PD appropriately assessed the benefit of requiring utility validation of data against the real costs and time burden on utilities.¹ Regarding data validation, PG&E is correct when it asserts that this would “likely lead to inefficiencies for the utilities and contractors/third-party owners, longer interconnection times, and customer dissatisfaction.”² SCE expresses similar concerns, stating that “requiring the IOUs to validate the data is unduly burdensome, would cause unnecessary delays in the processing of applications, and would cause increases in program costs.”³

CSE takes a less practical view of the burden that utility validation of data would impose. CSE argues that data validation is necessary to ensure the accuracy of the information provided. While there might be some marginal improvement in data accuracy if utilities were required to validate, we also agree with the PD and the comments of SCE and PG&E that this marginal improvement needs to be weighed against the very real impacts of delay and added cost. To help safeguard data integrity and accuracy, SolarCity suggests that applicants be required to attest that the data submitted is accurate to the best of the applicant’s knowledge based on the system design and parameters at the time of submission.

B. SolarCity Agrees with PG&E and SCE that Use of the EPBB Calculator is Inefficient and Unnecessary.

SolarCity agrees with the comments of PG&E and SCE on concerns regarding the costs associated with ongoing maintenance of the EPBB calculator. To the degree the utilities’ interconnection applications currently include a simplified production estimation tool, SolarCity suggests that it would be far better—and less resource intensive by all involved—to rely on these tools. There is little benefit in requiring applicants to continue to run information through the more complex EPBB calculator that is no longer relevant post-CSI program. If production estimates are required, a simple safeguard would be to not allow the applicant to enter an estimate of more than 2000 kilowatt hours per year per installed kilowatt, for fixed arrays.

To be clear, SolarCity continues to believe as a practical matter, as stated in opening comments, that individualized estimates of system production are of limited practical use and

¹ PD at p. 10.

² PG&E Comments at p. 3.

³ SCE Comments at p. 3.

provide limited benefit in terms of estimating aggregated system production. Should the Commission retain this requirement for some reason, however, SolarCity joins SCE and PG&E in urging the Commission to pursue a more simple, and ideally automated, approach.

II. PG&E's Phased Approach to Including New Data Fields Has Merit

With substantial changes to the types of data to be collected, and the manner by which they will be collected, SolarCity suggests that the PD should be modified to take a more pragmatic approach to accommodating these changes. PG&E proposes a phased approach whereby any new data fields required by a Commission order, beyond those already required as part of the IOUs' existing interconnection applications, would only be required once the IOUs' online portals are fully operational.⁴ In the interim, PG&E proposes that only the existing fields that are currently part of the interconnection application would be required.

SolarCity supports PG&E's approach as a means of mitigating the adverse cost impacts that will inevitably result from the expanded set of data the proposed decision would require as a condition of interconnection. Additionally, given the progress that PG&E is making in developing an online portal for smaller facility interconnections, it would be counterproductive to disrupt the roll-out of these systems.

III. CSE's Proposal to Add Cost-Reporting Categories to Third Party Owned Systems Would Increase Costs and Should be Rejected.

SolarCity has updated its estimate of the costs associated with the PD's reporting requirements. They would add between \$21 and \$33 per NEM system interconnection application, which would be pushed even higher if additional fields are required. SolarCity currently incurs costs of approximately \$29 per NEM interconnection application for systems in the service territory of the three major IOUs, but has received California Solar Initiative incentive funding that helps to offset that cost. The additional fields proposed in the PD would raise this amount to \$50-\$62 per application due to necessary increased employee time and associated expense to process the application. This effectively increases the "soft costs" imposed on the solar industry by at least 30 million dollars.⁵ Unlike the IOUs, SolarCity and other solar companies will not receive cost recovery for these increased costs.

⁴ PG&E Comments at pp. 4-5.

⁵ Based on at least one million new interconnections in the next 5-10 years.

In its comments, CSE argues that third party-owned systems should be required to submit information related to the cost of modules, the cost of inverters, balance of systems costs and permitting costs.⁶ CSE's proposals regarding imposing yet additional data collection requirements on third party-owned systems is of questionable merit and would unfairly burden one market segment with additional costs.

It is unclear why, even if this information provided meaningful value, it should fall only upon third party providers to submit this data and bear the cost alone, which would exceed an additional \$33 per application. As we stated in opening comments, SolarCity believes the Federal investment tax credit (ITC) filed value field provides a reasonable proxy for system cost for comparison purposes to cash sales.⁷

IV. SolarCity Agrees with SEIA/CalSEIA on the Issue of “Backfilling” a Database to Include Already Submitted Interconnection Data.

Similar to the pragmatic concerns expressed by the SCE and PG&E regarding data validation, SEIA and CalSEIA appropriately recognize that having to re-open already submitted applications to include fields unrelated to interconnection will add unnecessary and unjustifiable costs. The final decision should be clarified to ensure that developers are not required to reopen already submitted applications.

Likewise, SolarCity agrees with PG&E that the PD should be consistent with the definition of Interconnection Request in Section C of Rule 21, described as “[a]n Applicant’s request to interconnect a new Generating Facility, or to increase the capacity of, or make a Material Modification to the operating characteristics of, an existing Generating Facility that is interconnected with Distribution Provider’s Distribution or Transmission System.” Given that definition, only when one of the above criteria is met should the new data fields have to be filled out and submitted to the utility.

V. SolarCity Supports Uniformity Across the IOUs’ Online Interconnection Portals.

Given the highly standardized nature of the interconnection process, establishing a highly uniform interconnection portal seems reasonable and appropriate. Whether or not the Commission requires the utilities to establish a single online portal or if each maintains their

⁶ CSE Comments at p. 4.

⁷ SolarCity Comments at p. 3.

own, the Commission should require close coordination to encourage a high level of consistency across the IOUs.

Whatever approach the Commission takes, SolarCity recommends leveraging the commendable work already undertaken to achieve efficiencies by moving to an online portal. In particular, SolarCity commends PG&E for their efforts to create an online interconnection tool to support the streamlined submission of non-standard NEM interconnection applications. SolarCity is among the companies with which PG&E has engaged to discuss this effort and we agree that it holds great promise. SolarCity would not want to see this effort interrupted or postponed and urges the Commission to ensure that whatever it decides, this effort is able to move forward in a timely manner.

VI. A Single Statewide Database Is the Optimal Approach to Facilitate Data Access.

Although SolarCity has serious concerns regarding the broad scope of data the PD requires applicants and the IOUs to submit as part of the interconnection, and the costs this engenders to the extent data is being collected, SolarCity supports this data being made available on a statewide basis through a single database. While SolarCity does not have any views on how data gets conveyed to this single statewide database at this time, we believe such a database would be far more useful and accessible than relying on separately-maintained databases housed in each of the utilities.

VII. Conclusion

As discussed herein, SolarCity supports adoption of the PD with the important modifications noted herein and in our opening comments to ensure a more appropriate balancing of the costs of data collection against the value of that data collection.

Respectfully submitted at San Francisco, California on September 8, 2014,

By /s/ Jason B. Keyes

KEYES, FOX & WIEDMAN LLP
Jason B. Keyes
Thadeus B. Culley
436 14th Street, Suite 1305
Oakland, CA 94612
Tele: (510) 314-8203
Email: jkeyes@kfwlaw.com
Counsel for SolarCity Corporation