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MEMORANDUM

TO: Local Government Sustainable Energy Coalition Board

FROM: Jody London

DATE: June 29, 2009

SUBJECT: Review of Utility Advice Letters Implementing AB 2466

Mary Tucker asked me to take a look at the utility advice letters filed a couple of week ago implementing AB 2466. Comments on these advice letters are due tomorrow. I have reviewed the filings from PG&E and SCE, and offer the following observations. My notes are included at the back. If you would like to submit brief comments, please let me know and I will pull something together.

Apparently the Energy Division of the California Public Utilities Commission requested that the utilities submit these advice letters. I guess they are trying to be ready in case anyone actually files a request with the utilities.

- ◆ Administrative costs are unknown. Both utilities make clear that program participants will pay for costs associated with the program, including costs for building out billing systems, and that these costs could be significant. Neither has included a term sheet for those costs, so we don't know how high they will be.
- ◆ I would like confirmation that the system owner retains ownership of the renewable energy credits. The advice letters refer one back to the Public Utilities Code, which I've reviewed to no avail. The CPUC staff person who manages the California Solar Initiative has confirmed that under solar net metering, the system owner retains the RECs. PG&E's AB 2466 advice letter reads this way, and SCE's is not as clear as I think it could be.
- ◆ Both utilities require the customer to pay monthly if the customer owes anything to the utility. At the end of the 12 month period, there's a big true-up and if the customer has overpaid, the utility will give the customer a bill credit.
- ◆ Local governments have to carry any interconnection costs.
- ◆ You are still only being paid for the generation component. There is no payment for transmission and distribution, or any type of credit that looks at the benefit that a distributed generation system is providing to the system. In earlier discussions, some expressed the opinion that this was a deal-killer.
- ◆ Accounts participating in the AB 2466 program cannot participate in any other demand response, self-generation, or net metering program. This is it.

Notes on AB 2466 Advice Letters

PG&E:

Look for the administrative costs. PG&E expects them to be high. Is including one-time and ongoing. This could be a deal-killer.

Local government also has to carry interconnection costs. Interconnection is under Rule 21.

PG&E claims CPUC Energy Division told it that projects cannot also qualify for the CA Solar Initiative or Self Generation Incentive Program.

Renewable energy credits are treated same as in net metering. PG&E's tariff says "All electricity exported to the grid by the Local Government that is generated by the Eligible Renewable Generating Facility shall not be counted toward PG&E's total retail sales for purposes of Article 16." I believe this means local government owns the Renewable Energy Credits.

If customer owes for any benefiting account, that payment is due monthly. Seems it would be better to do a big true-up at the end of the year. But it looks like they also do a big true-up at the end of the year, and if the customer has additional credits, will apply that against payments made during the course of the year (see 2.h).

SCE:

True-up occurs annually. Customer does not have to pay monthly if they owe. Actually, scratch that, looks like they do pay monthly, then there's a big true-up at the end of 12 month period. See Section 9.g.

SCE says all electricity generated by the renewable generating facility becomes property of SCE, and says this is same as in net metering. CPUC staff has just confirmed for me that RECs belong to the system owner, not the utility.

SCE will recover all costs associated with the billing system for this program from customers. It hasn't yet determined what that amount will be.

