

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking to Develop a
Successor to Existing Net Energy Metering
Tariffs Pursuant to Public Utilities Code
Section 2827.1, and to Address Other Issues
Related to Net Energy Metering.

Rulemaking 14-07-002

**COMMENTS OF
THE LOCAL GOVERNMENT SUSTAINABLE ENERGY COALITION
ON NET ENERGY METERING TARIFF PROPOSALS**

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FOR Local Government Sustainable Energy
Coalition

September 1, 2015

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I. Introduction

In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission” or “CPUC”) the Local Government Sustainable Energy Coalition (“LGSEC”)¹ submits these Comments on the Net Energy Metering (“NEM”) Public Tool. In earlier comments in this proceeding², the LGSEC described the importance of the NEM tariff to local governments as we pursue State and local goals and mandates to address climate change and build resiliency. We offer these comments very mindful of the Governor’s goal to increase the amount of renewable electricity in our State.

The new NEM tariff must continue to provide incentives to customers to invest in distributed generation, solar as well as other technologies. Distributed generation is critical for local governments as we develop community-wide plans, and use tools at our disposal to encourage local investment in these technologies. The Public Tool as currently constructed is too complex to assist most parties, let alone customers, in evaluating tariff options. The LGSEC continues to urge the Commission to retain the current tariff, ensuring there is an option specifically for government entities, similar to those described by other customer classes. We also urge the Commission to develop tariff options specifically for multi-family buildings, both low-income and market rate, and to preserve the ability of customers to aggregate generation across accounts.

¹ Across California, cities, counties, associations and councils of government, special districts, and non-profit organizations that support government entities are members of the LGSEC. Each of these organizations may have different views on elements of these comments, which were approved by the LGSEC’s Board.

² Comments Of The Local Government Sustainable Energy Coalition On OIR Pertaining To Net Energy Metering Successor Tariff, August 18, 2014.

II. The NEM Tariff Is Important to Local Climate Goals and the Economy

As a foundational matter, we point out that local government climate action plans and other policies increasingly rely on distributed generation. Local governments can bring to bear a range of tools to encourage investment in distributed generation, including Property Assessed Clean Energy programs, policies, zoning. However, these policies can only be effective with a workable tariff that makes sense financially.

The CPUC must be mindful of the ambitious goals set by Governor Brown, which local governments take very seriously.³ The Governor has clearly linked his goal for increasing the amount of energy that comes from renewable sources to climate change. The Commission should use every tool in its toolkit to increase the deployment of renewable technology. A number of parties in their proposals named non-energy benefits that should be included in the Public Tool. The imperative to include non-energy benefits should be clear and unequivocal to the Commission, as it is to many of the parties, including the LGSEC.

The solar industry has become an important part of the green jobs workforce in California, employing nearly 55,000 people in communities across the State. Local governments welcome this sector, as in addition to helping us achieve our climate and environmental goals, it boosts employment and local economies. Any actions the CPUC would take that make investing in distributed solar systems less attractive will have an impact on California's workforce and economy.

³ Sierra, Club, *Sierra Club Proposal for the Net Energy Metering Successor Standard Tariff*, Attachment 2: *Non-Energy Benefits of Distributed Generation*, August 3, 2015, by Alison Seel and Tom Beach; California Solar Energy Industries Association, *Proposal Of The California Solar Energy Industries Association For The Net Energy Metering Successor Tariff*; Solar Energy Industries Association and Vote Solar, *Proposal Of The Solar Energy Industries Association And Vote Solar For A Net Energy Metering Successor Standard Tariff*, pp. 28-30.

III. A Simple Tool Will Be More Useful

We appreciate that the CPUC is trying to provide information upfront to parties as a way to look at the tool. And yet, the tool itself is so complex that only a few parties with significant resources had the capacity to perform any analysis. There are 18 scenarios, numerous spreadsheets for each, with hundreds of inputs. Many of our members are energy managers with technical expertise, and yet the tool was too complex for most of them to be able to study it in any detail. This complexity renders the tool not accessible to most customers. For purposes of this exercise, it limits the information the CPUC is receiving and diminishes the breadth of debate and discussion.

Before the Commission adopts anything, it should develop a much simpler model, one which ideally looks at the impact of the different proposals received on August 1. The Commission should then take that model on the road and/or set up an online site where the public can look at what the different options would mean for them.⁴ This would have to be a much simpler tool. If the goal for California is to significantly increase the amount of renewable energy, we have to figure out how to make customers' consideration of these options accessible to many more people.

IV. The Current Form of NEM Tariff Best Serves Customers

The NEM tariff as currently structured is easy for customers to understand and access. And it has significantly increased the amount of solar power being generated and used in California, although there is room for much more. The NEM tariff must retain a high value to motivate the adoption of solar, as encouraged by Governor Brown. If anything, the NEM value

⁴ As an example of online tools, we refer the Commission to the Next 10 Budget Challenge, an online tool that lets users evaluate choices for forming California's budget: <http://www.budgetchallenge.org/pages/home>.

should reflect the load reductions caused by solar. Unfortunately, load reductions do not have a consistent impact on customers' bills. It is hard for every single 15 minute interval to register a solar reduction. But, every day, the aggregate solar generation mitigates peak loads in the state to the benefit of all. This should be captured in the tariff.

A high NEM value is fairer and more progressive than other methods of solar incentives. When the Investment Tax credits disappear, as many parties recognize in their comments, the high NEM value will be even more important.

Related, some parties recommend establishing a time-of-use rate for the NEM tariff. Doing this could create a disincentive for customers to install solar because they could be in situations where there is excess generation, and they would be required to pay for the fact that their system is operating. The LGSEC does not support a time-of-use option in the NEM tariff. We want to encourage as many customers as possible to help California increase the amount of renewable energy being generated here.

V. Residents of Multi-Family Housing Should Have Access to Distributed Renewable Energy

Most communities have housing options that include multi-family units. The LGSEC is interested in seeing more people who live in multi-family residences have access to solar and other forms of distributed, renewable power. We encourage the CPUC to explore the suggestion from the California Environmental Justice Alliance to establish an Environmental Justice NEM tariff. We appreciate the data from Everyday Energy about many low-income multi-family housing units being located in areas not currently considered "disadvantaged," and urge the Commission to consider this in its analysis of tariff options.

VI. Local Governments Are Planning for Distributed Generation

The LGSEC continues to encourage the CPUC to adopt a NEM-GOV tariff.⁵ As utility customers ourselves, local governments have installed, and continue to install, distributed generation on our own facilities. We undertake these investments of public funds with due diligence, recognizing the long-term nature of the investment and the payback. As we noted in our August 2014 *Comments*, local governments do not take service on the same tariff schedule as residential customers. Most of the tariffs on which we take service include demand charges.

For local governments, the ability to aggregate solar generation across multiple accounts, as originally mandated in AB 2466, is important. A NEM-GOV tariff should allow this practice to continue. The LGSEC supports the ability of other customers to aggregate solar aggregation across multiple accounts. This is a key piece of the financial calculus in which customers engage as they evaluate the feasibility of installing solar power.

Local governments need a customer-friendly tariff that pencils out. The multiple fees proposed by the utilities, as well as the lower compensation rate, would make solar and other distributed technologies a less attractive investment of public funds. (Including the non-energy benefits discussed above could help with this analysis.) The fees proposed by the utility are clearly an attempt to discourage customers from investing in solar energy. This is contrary to State policy, and should not be tolerated.

Similarly, we are concerned that the utility tariff proposals, and those from ORA, would render solar a less attractive investment for our constituents. Particularly for residential

⁵ LGSEC *Comments*, August 2014, pp.5-6.

customers, who will also be paying a minimum bill every month under the new rates approved by the CPUC last month in Decision 15-07-001, this could have a detrimental effect on individual solar installations.

VII. Conclusion

The Public Tool has the potential to help customers evaluate whether investments in distributed renewable energy are a good choice. These investments, in turn, are critical to California's ability to achieve the environmental goals set by Governor Brown. The Commission should retain the current form of the tariff, recognizing the many economic and environmental benefits NEM provides as it increases the deployment of distributed renewable technologies in California.

September 1, 2015

Respectfully submitted,



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