

Sent via email to EDTariffUnit@cpuc.ca.gov on 9/9/13

ED Tariff Unit
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Re: Reply Comments of the Interstate Renewable Energy Council, Inc. on Draft Resolution E-4610 (Commission determination authorizing net energy metering (NEM) aggregation pursuant to Senate Bill 594 (Wolk, 2012))

To the ED Tariff Unit:

Pursuant to an email from Nicholas Castillo to parties to Draft Resolution E-4610 (dated August 27, 2013) regarding the amended comment deadline, the Interstate Renewable Energy Council, Inc., (IREC) appreciates the opportunity to submit these limited reply comments to the opening comments on Draft Resolution E-4610 (Draft Resolution) of Southern California Edison Company (SCE), San Diego Gas & Electric Company (SDG&E), and Pacific Gas & Electric Company (PG&E) (collectively “IOUs”).

IREC suggests that the Commission should give no weight to the IOUs claims that larger, non-residential net energy metering (NEM) systems will “potentially” or “possibly” impose greater interconnection costs than residential systems and that NEM aggregation customer-generators should be forced to pay for any interconnection costs until the Commission can determine that those customer-generators do not create additional expenses as compared to traditional NEM systems. *See, e.g.*, SCE Comments at p. 2; SDG&E at p. 3; PG&E at p. 4. The IOUs conveniently agree with the Draft Resolution that there is insufficient data about the costs of interconnection to support their call for delay, but fail to acknowledge the fact that the current lack of information and historic information asymmetry is due to the IOUs’ own practice of not carefully tracking the interconnection costs associated with NEM.¹ IREC encourages the Commission to ignore these calls for delay and to approve Draft Resolution E-4610 at the next business meeting.

¹ *See* PG&E’s Comments on NEM Cost-Effectiveness Evaluation Study Proposal at p. 4 (November 5, 2012), available at www.cpuc.ca.gov/NR/rdoonlyres/DD815BE2-DA72-490A-874F-7B4981893D70/0/PGE.pdf (acknowledging that “we are aware that some installations require system upgrades at the time of installation” and explaining that “[t]hus far, PG&E has not tracked these costs separately from other system upgrades, but we are assessing whether it is possible to quantify these costs for inclusion in this analysis.”).

IREC suggests that it is reasonable for the Commission to proceed because the IOUs refer to no evidence that contradicts the central finding and conclusion of Draft Resolution E-4610: increasing the proportion of large, non-residential systems participating in NEM relative to residential systems will likely reduce, and not increase, any costs imposed on non-participants by the NEM program. If such contrary evidence exists that interconnection costs would tip the scale in the other direction, the IOUs have had multiple opportunities in recent years, through several Commission proceedings addressing either NEM or interconnection issues, to put forward competent evidence on the costs of interconnecting NEM systems of varying sizes and characteristics. As of the date of this reply, the IOUs have yet to do so.

The Commission need not be hamstrung by this lack of information to approve Draft Resolution E-4610. Indeed, it is reasonable for the Commission to assume that a NEM aggregation will appeal to a diversity of customer types, as PG&E acknowledges in its comments—from sparse and sprawling rural properties to commercial buildings located in densely populated load centers—a fact which is likely to smooth the impact of any one outlier facility that may cause significant system upgrades. It is also reasonable for the Commission to assume that large NEM systems in load centers may actually produce grid benefits. The Commission has previously considered the possibility that distributed generation may be a viable alternative to construction of system upgrades and prompted the IOUs to develop a protocol to identify such situations. *See generally* D.03-02-068. While it may be unrealistic to expect that all NEM aggregation systems will be located in optimal locations that will defer upgrades, it is reasonable to expect that, by the law of averages, some NEM systems will locate in optimal locations and that the diversity of participating customer types will help to mitigate the negative impact of any outliers.

Moreover, there is a practical aspect of NEM aggregation that will enable IOUs and potential customer-generators to benefit from economies of scale. For example, if an IOU was faced with the application of a single 100 kW system under NEM aggregation, a size that is highly unlikely to cause any grid impacts, the administrative costs of interconnecting an equivalent 20 residential systems with a capacity of 5 kW would swallow the costs of processing a single interconnection application. These administrative advantages of NEM aggregation, for both customers and the IOUs, should not be lost in the speculation about relative interconnection costs.

The IOUs have cited or provided no information that should discourage the Commission from pursuing its policy of favoring the interconnection of customer-generators. IREC urges the Commission to approve Draft Resolution, consistent with our recommended clarifications in our opening comments, and to reject the IOUs call to abandon long-standing Commission precedent exempting customer-generators from interconnection costs. *See D.02-03-057.*

Respectfully submitted this 9th day of September, 2013,

/s/

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