

September 9, 2013

ED Tariff Unit
Energy Division
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102
Submitted electronically to EDtariffunit@cpuc.ca.gov

Subject: Reply Comments of Récolte Energy on Draft Resolution E-4610

Dear Energy Division Tariff Unit:

Récolte Energy (Récolte) hereby submits Reply Comments in response to PG&E's Opening Comments on Draft Resolution (DR) E-4610. Récolte supports the DR and rejects PG&E's arguments opposing it.

The basis for Récolte's rejection of PG&E's arguments is this: SB 594 did not ask the CPUC to determine whether there was cost shifting when comparing aggregated distributed generation (DG) systems against the cost of NEM, but whether there was cost shifting when comparing aggregated DG against the cost of multiple disaggregated NEM systems – which customer-generators are already allowed to build.

The DR is correctly based on comparing aggregated DG against disaggregated DG, and PG&E's comments are incorrectly based on comparing aggregated DG and NEM.

In their Opening Comments, PG&E “submits that there **will** be a cost shift if net energy metering (NEM) customers can aggregate their load.” They ask “Is the cost shift contained if nonresidential customers are more likely to aggregate?” and list various issues that would result in cost shifting.

The issues were: commercial and agricultural tariffs not being included in Energy and Environmental Economics' NEM Cost Effectiveness Evaluation study, the capacity factor of commercial versus residential customers, customers considering aggregating their solar house loads and EV and charger loads, net metering cap increases, and so on.

The tariff that a customer generator is on and net metering caps are irrelevant to this proceeding, as are the other issues PG&E listed. The kWh produced by a DG system would be valued based on the applicable rate tariffs of the meters being offset, and would

be exactly the same whether they were offset by multiple disaggregated DG or by aggregated DG systems. Similarly, the net energy metering cap being 5% or something else is unrelated to a customer generator building, say, one 500 kW DG system to offset the combined loads of five meters, each of 100 kW load, or five 100 kW DG systems to offset the five meters.

Whether there are five systems each of 100 kW or one 500 kW system, the DG system(s) have to be sized to load. A customer generator cannot, without providing load justification, oversize a DG system under either scenario.

With respect to interconnection costs, PG&E believes that these costs will increase if SB 594 allowed aggregation of projects because an aggregated system would be more like “generation designed to export for sale”, which “trigger distribution and transmission system upgrades (depending on circuit location) far more frequently than with NEM generators.” This is something PG&E needs to substantiate rather than merely state, because it is equally plausible that having to interconnect one system instead of multiple systems would reduce costs.

Then, whether building disaggregated or aggregated DG systems, whether the generation is for NEM or for direct sale to PG&E, if a distribution and transmission system upgrade is triggered, the customer-generator is required to pay in advance for the upgrade. If the customer-generator receives an allowance or a refund, the costs of the upgrade are marked up by PG&E’s cost of capital and capitalized, and PG&E recovers its costs through cost of ownership charges.

PG&E disagrees with the DR on efficiencies achieved by building an aggregated DG. They think the benefits accrue only to the participants, and not ratepayers. It should be obvious that economies of scale will result in more kWh being generated per installed dollar. This will accelerate the cost reduction curve for DG, which in turn will accelerate the adoption of DG, and expand the pool of ratepayers who can become participants.

PG&E believes that the potential for gaming is real and that customer-generators will set up under NEM with the intention of subsequently switching to other renewable energy generation programs to avoid paying interconnection costs. A customer cannot switch from NEM to some another generation program because PG&E’s Energy Procurement Division will not enter into a PPA with a NEM customer. And even if PG&E changed their policy to do this, the customer is unlikely to. He would be replacing his full-retail NEM rate which PG&E is required to pay him for, and with which he has a hedge against inflation, with a lower PPA rate, through a contract that PG&E can break, and that may or may not have a hedge.

Finally, PG&E claims that 594 will increase billing costs. Billing for 594 should be no more complicated than VNM billing for which PG&E has already developed a tariff and modified its billing system. As with interconnection costs, PG&E needs to substantiate rather than merely make a claim, because it is equally plausible that the already developed VNM billing system can be applied here with minimal, if any, modification.

Conclusion

Récolte recommends that PG&E's comments be completely disregarded because PG&E has not demonstrated that meter aggregation results in cost shifting when compared against the customer's existing right to build multiple disaggregated systems.

Récolte recommends Draft Resolution E-4610 be adopted with no changes.

Thank you for the opportunity to submit reply comments.

Regards,



Gopal Shanker
President

Cc: President Michael R. Peevey
Commissioner Mark J. Ferron
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Commissioner Carla J. Peterman
Edward Randolph, Director, Energy Division
Karen Clopton, Chief Administrative Law Judge
Frank Lindh, General Counsel
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Service List attached to DR E-4610