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Mr. Honesto Gatchalian  
Energy Division  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**Re: Comments of the Interstate Renewable Energy Council, Inc., the Vote Solar Initiative, California Solar Energy Industries Association, and Récolte Energy on Draft Resolution E-4481 (Implementation of Expanded Virtual Net Metering)**

Dear Mr. Gatchalian,

The Interstate Renewable Energy Council, Inc., the Vote Solar Initiative, the California Solar Energy Industries Association, and Récolte Energy (collectively “Joint VNM Parties”) respectfully submit these comments on the above referenced Energy Division Draft Resolution, which approves the advice letter filings of San Diego Gas & Electric Company (SDG&E), Southern California Edison Company (SCE) and Pacific Gas and Electric Company (PG&E), regarding the implementation of the tariffs on expanded Virtual Net Metering (VNM), as approved by Commission Decision 11-07-031.

Expansion of VNM to all multi-tenant and multi-metered properties throughout the investor-owned utilities’ (IOUs) territories could further expand the market for distributed solar in California and further the state’s renewable energy goals. The Joint VNM Parties strongly support VNM’s expanded use and generally support the Draft Resolution’s approval of the IOUs’ advice letters, with one significant caveat. The Draft Resolution does not adequately address the Joint VNM Parties’ continued concern with the IOUs’ overly restrictive definition of the term service delivery point (SDP). As Récolte Energy (Récolte) pointed out in its protest to the IOUs’ advice letters, the IOUs’ restrictive definition of SDP precludes all of its customers from participating in “expanded” VNM. This reality gives the Joint VNM Parties concern that the Commission’s intent to truly “expand” VNM has been lost in implementation.

The Joint VNM Parties respectfully suggest that the way to “expand” VNM consistent with the Commission’s intent is to define SDP in the multi-tenant or multi-meter context as the point at which a distribution line extension, coming off of the general distribution system, enters the multi-tenant or multi-metered property. This view of SDP comports with the conversation parties had concerning the propriety of expanding VNM to include all multi-tenant and multi-metered properties and whether and on what basis an SDP limitation was needed. This proposed understanding of SDP is also compatible with utility practice and the limiting principles pronounced in D.11-07-031. Accordingly, the Joint VNM Parties request that the Commission modify the Draft Resolution to require the IOUs to develop a less restrictive definition of SDP for purposes of determining VNM eligibility. In addition, we support using a PBI meter to serve both the needs of the CSI program and the VNM program, where a generator participates in both, in order to avoid any additional, duplicative expense.

**I. The IOUs’ current interpretation of “service delivery point” undermines meaningful expansion of VNM.**

At the onset of this discussion, the Joint VNM Parties believe it is important to clarify that, while there has been quite a bit of confusion among stakeholders concerning the definition of SDP as it is applied to particular contexts, the Joint VNM Parties are not seeking to modify the Commission’s determination in D.11-07-031 that VNM in the non-low income multi-tenant or multi-meter context should be limited to accounts served by a single SDP. The central concern stakeholders raised in their protests and at the workshop on VNM implementation issues was the fact that the current definition of SDP, put forth by the IOUs in response to D.11-07-031, will effectively limit VNM to a very small subset of all multi-tenant and multi-metered properties in the state. The IOUs definition of SDP will limit VNM in a manner the Joint VNM Parties believe is inconsistent with the intent of D.11-07-031.

As stated in Récolte’s protest, PG&E has expressed its understanding that the “SDP extends up to the meter for an isolated meter, and almost up to the meter, if the meter is part of a meter bank.”<sup>1</sup> Récolte’s protest also included an attachment of a PG&E illustration that shows a service delivery point as being directly adjacent to a meter bank, a clear demonstration of how PG&E’s confining interpretation of SDP will apply to most multi-tenant properties. In general, this view of SDP comports with the understanding parties had when submitting comments in December 2010 in the context of a scenario where a property with a single multi-tenant or multi-metered building is being served by a single distribution line extension entering the property from the general distribution system. Accordingly, PG&E’s understanding of SDP in this particular context has not previously caused any controversy.

The source of disagreement among stakeholders, however, concerns a scenario where there are several buildings on a property—each building with one or more meter banks—that are served by a single distribution line extension. This scenario implicates what the Joint VNM Parties see as the central question: *are those buildings receiving electric service from a single distribution line extension served through a single SDP or through multiple SDPs?* As PG&E explained at the workshop, it is the IOUs’ view that such a property contains multiple SDPs. As Joint VNM

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<sup>1</sup> See Protest of Récolte Energy to PG&E’s Advice Letter 3902-E at p. 1.

Parties and other stakeholders at the workshop explained, the IOUs' understanding of this situation is quite different from our understanding of what parties discussed in prior comments.

While the Joint VNM Parties did not agree with the IOUs that an SDP limitation was necessary in our December 2010 comments, the nature of the SDP limitation—and its rationale—appeared clear to the Joint VNM Parties. At that time, all parties were focused on whether a policy should be put in place to restrict the flow of energy from a multi-tenant building hosting a solar facility, across an SDP, and on to the local distribution system for subsequent consumption at another building; one receiving electric service via a different line extension. The concern with this scenario, as understood by the Joint VNM Parties, was the uncompensated use of the utility's distribution grid for the short trip along the distribution system from the initial SDP to the second SDP.<sup>2</sup>

Statements by the IOUs supported this understanding as the rationale for a single SDP limitation. For example, PG&E, in discussing its opposition to authorizing VNM without an SDP limitation, provided examples of legislative authorization for use of PG&E's distribution system to allow for transmission of power from remote renewable energy facilities to a customer's meters for crediting, which is often referred to as "wheeling."<sup>3</sup>

It was only once the IOUs filed advice letters implementing VNM, and the Joint VNM Parties began to engage on the specifics of implementation, that the IOUs' restrictive view of SDP came into full view. Under the framework currently being advanced, a single property with multiple buildings could be seen as having multiple SDPs even though there is only one line extension serving the property from the larger, general distribution system. The Joint VNM Parties submit that such an understanding of SDP is inconsistent with the understanding parties had when discussing the SDP issue in comments leading up to D.11-07-031.

The Draft Resolution briefly addresses this point in noting parties raised specific issues at the VNM workshop related "to distribution extensions between buildings on a property" and in finding that "a distribution extension itself is not the same as a service delivery point, per Rule 16." Unfortunately, the Draft Resolution does not fully resolve the issue raised by the Joint VNM Parties and other stakeholders regarding whether properties that have this sort of configuration are served by multiple SDPs or a single SDP. Instead, the Draft Resolution characterizes stakeholders' concern as to whether or not the arguments supporting the Commission's decision to adopt a single SDP limitation were valid. This is simply incorrect. As noted above, the Joint VNM Parties are not challenging the underlying determination by the Commission that only properties with a single SDP are eligible for sharing of VNM credits. The Joint VNM Parties' concern is that the IOUs' understanding of SDP goes beyond the background discussion in

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<sup>2</sup> See, e.g. IREC Reply Comments at pp. 2-4, filed December 20, 2010; PG&E Opening Comments at p. 4, filed December 6, 2010 (discussing expanding VNM beyond the SDP being potentially inconsistent with California policy and discussing legislative action when an opportunity is created to move power from one location on the grid for consumption at another location).

<sup>3</sup> See PG&E Opening Comments at p. 4, filed December 6, 2010 (discussing PVUSA, AB 2573, AB 2488 and AB 2466).

comments and workshops and is more restrictive than necessary to address the concerns that motivated the Commission to limit the sharing of VNM credits to customers served by a single SDP.

The Joint VNM Parties, indeed, agree with the statement that “a distribution extension itself is not the same as a service delivery point, per Rule 16.” In our view, however, the fact that a property owner pays for the installation of distribution extensions serving other buildings on their property should have some bearing. Even if those facilities are ultimately transferred to utility control, the property owner’s payment for these facilities mitigates the cost-shifting concerns that animated the Commission’s decision concerning need for an SDP limitation. Moreover, the property owner’s payment for utility extension facilities to serve the multi-tenant buildings within the property boundary supports the view that the meter(s) or meter bank(s) at the end of these distribution extensions should not be seen as separate SDPs. Instead, for the specific context of VNM credit sharing, the Joint VNM Parties submit that the SDP should be defined as the point where the distribution line extension enters the property from the general distribution grid.

The IOUs’ proposed understanding of SDP also overlooks the fact that, in utility practice, the location of an SDP is not a universal constant and may be adapted to accommodate unique circumstances. For example, in the case of unusual site conditions, PG&E has the discretion to locate the SDP at a mutually agreed upon place “or near [the] Applicant’s property line as close as practical to the available Distribution Line.”<sup>4</sup> Accordingly, it is entirely appropriate for the Commission to further clarify that, in its view, VNM presents another unique circumstance; a circumstance that could be accommodated by simply agreeing on a different designation of SDP for purposes of determining VNM eligibility. The Joint VNM Parties believe such an accommodation is warranted given the Commission’s stated understanding of what the single SDP limitation meant for an expanded VNM program and in light of parties’ general understanding of the SDP limitation issue as discussed in our December 2010 comments.

The Commission’s understanding of the service delivery point for a VNM facility appears less restrictive than how the utilities propose to determine the SDP. The Commission observed that “[t]ypically, each multi-tenant building has one SDP that then serves multiple tenants or utility accounts. Generally each tenant’s apartment or unit is served by its own meter.”<sup>5</sup> Importantly, the Commission’s understanding is not premised in how close the meters are in relation to the SDP or each other. This understanding appears to allow for the possibility that a single service line may serve many individual meters in a multi-tenant building, whether clustered together in banks or spread out individually.

Treating SDP as the location where a utility’s service line enters the property line of a multi-tenant or multi-metered property does not undermine the Commission’s understanding of SDP or its rationale for the single SPD limitation. Admittedly, this proposed definition does not strictly adhere to utility practice of defining the SDP as “the demarcation between the customer-owned

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<sup>4</sup> See PG&E Electric Rule No. 16 Section C.5.

<sup>5</sup> D.11-07-031 at p. 6.

electrical system and the utility distribution system,”<sup>6</sup> because even customer-financed service extensions are still granted to and owned by the utility. But this view is consistent with the Commission’s intent to expand the availability of VNM in a meaningful fashion and would be narrowly applied for the purposes of determining VNM eligibility.

## **II. Multiple metered properties may also be unnecessarily constrained by the IOUs’ restrictive interpretation of “service delivery point.”**

The Joint VNM Parties applaud the Commission’s decision to extend the benefits of VNM to properties with multiple meters. This significant step enables customers with multiple meters or accounts on a single property, and served by a single SDP, to aggregate their metered loads against one or more on-site generation facilities. This is particularly important for agricultural customers who have several accounts or meters throughout a single property, and it is inefficient to site a generator next to each source of load. The Joint VNM Parties appreciate this significant step to recognize a regulatory hurdle that has stifled greater use of distributed generation in one of the most important sectors of California’s economy.

Unfortunately, similar to the multi-tenant context, the IOUs’ proposed definition of SDP undermines the ability of multi-meter customers to take advantage of VNM. For example, under the IOUs’ interpretation of SDP, an agricultural customer with meters scattered throughout a property—yet still served by a single line extension from the distribution system—would be viewed as having multiple SDPs, unless all of the property owner’s meters are clustered together in a meter bank. Consistent with the discussion above, the Joint VNM Parties suggest that each service line extending from the utility’s grid into the multi-metered property should create a single SDP, and that all meters receiving service from that line should be eligible to become a VNM Benefiting Account. This may, nonetheless, preclude a farmhouse from sharing generation with a distant well pump, where that pump is served by a separate extension from the utility’s grid. But this would provide consistent administration of VNM and give meaning to the Commission’s single SDP limitation.

## **III. Requiring a net generation output meter (NGOM) and a performance-based incentive (PBI) meter is duplicative and unnecessary.**

As the Draft Resolution notes, a participant at the VNM workshop raised a concern with the requirement in the IOUs’ proposed tariffs that VNM participants be required to install an NGOM in order to measure the output of a renewable energy system participating in VNM. As that participant noted, for renewable energy systems receiving PBI payments a revenue grade meter is already required to measure the output of the system so PBI payments can be calculated. Because both meters would be accomplishing the same task, the participant asked that one of the meters not be required in order to avoid unnecessary expenses. The IOUs responded to this concern by noting that a PBI meter is necessary for CSI program specific functions while an NGOM meter provides necessary information for crediting under the VNM program. This response makes little sense as currently explained. If both meters are revenue grade meters, it seems that requiring CSI participants to install a PBI qualified meter should be sufficient for

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<sup>6</sup> *Id.*

determining the generation output of a renewable energy system for both PBI payments and allocation of VNM credits as the PBI meter is revenue grade. Accordingly, while the Joint VNM parties support the clarification that non-CSI participants would only be required to install a NGOM in order to participate in the VNM program, we support the participant's request that a PBI meter serve both the needs of the CSI program and the VNM program in order to avoid any additional, duplicative expense.

#### **IV. Conclusion**

The Joint VNM Parties appreciate the opportunity to comment on Draft Resolution E-4481 and respectfully request that the Commission modify the Draft Resolution consistent with these comments prior to final adoption.

Respectfully submitted,



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## **Appendix A to the Joint VNM Parties Comments on Draft Resolution E-4481**

The Joint VNM Parties recommends the following changes to the Findings and Conclusions and the Ordering Paragraphs in the Draft Resolution:

### Findings and Conclusions:

12. For purposes of the General Market Virtual Net Metering tariff, the SDP identifies the physical location at which the Generating Account, its designated Benefiting Accounts, and the eligible generating facility, are all connected with the utility distribution system. The SDP is the point at which a service extension from the utility's grid crosses the property line where the eligible Generating Account and Benefiting Accounts are located.

15. Net Generator Output Meters are required for VNM credit allocation if a generator is not participating in CSI. Generators participating in CSI may use the CSI-required PBI meter for the purposes of VNM credit allocation and shall not be required to install an additional Net Generator Output Meter.

### Ordering Paragraphs (proposed new Ordering Paragraph #15)

15. The IOU ALs shall be modified to clarify that the SDP, for purposes of determining eligibility for the General Market Virtual Net Metering Tariff, is the point at which a service extension from the utility's distribution grid crosses the property line where the eligible Generating Account and Benefiting Accounts are located.