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November 4, 2011

Mr. Honesto Gatchalian
California Public Utilities Commission
Energy Division
Tariff Unit, Room 4005
505 Van Ness Avenue
San Francisco, CA 94102

Re: Pacific Gas and Electric Company's Protest Reply on Advice 3902-E

Dear Mr. Gatchalian:

Pacific Gas and Electric Company ("PG&E") hereby responds to a protest of PG&E's Advice 3902-E, filed by Récolte Energy dated October 3, 2011; a protest jointly filed by The Interstate Renewable Energy Council ("IREC"), Vote Solar and the California Solar Energy Industries Association ("CALSEIA") (collectively "Joint Parties") dated October 3, 2011, on PG&E's Advice 3902-E, San Diego Gas & Electric Company's ("SDG&E") Advice 2286-E, Southern California Edison Company ("SCE") Advice 2625-E; and a protest filed by the Division of Ratepayer Advocates ("DRA") dated October 28, 2011 on PG&E's Advice 3902-E, SCE Advice 2625-E, SDG&E Advice 2286-E Dated October 28, 2011.

As the issues raised by the protesting parties are relatively limited in number and scope, PG&E responds with this consolidated reply.

On September 12, 2011, PG&E filed Advice Letter 3902-E to create a new Electric Schedule NEMV— Solar and/or Wind Virtual Net Energy Metering for Multiple Tenants Served at the Same Service Delivery Point pursuant to Decision (D.) 11-07-031¹ ("Decision"), Ordering Paragraph 2. The original protest due date in AL 3902-E was October 3, 2011, but this date was extended twice at the request of the DRA. An e-mail from the Energy Division dated October 14, 2011, notified PG&E of the ultimate protest due date of October 28, 2011. Based on that final date, PG&E submits these comments in a timely manner, five business days later. PG&E also notes that at the request of the Energy Division, PG&E submitted supplemental Advice 3902-E-A on October 11, 2011, to address concerns raised by the Energy Division that are identical to those raised by the Joint Parties, as discussed in Section VIII. below.

¹ D. 11-07-031 http://docs.cpuc.ca.gov/word_pdf/FINAL_DECISION/139683.pdf

I. Récolte Request for Broader Definition of Service Delivery Point (“SDP”) Was Denied in the Decision

Récolte raises a single issue – it “recommends that the Commission require PG&E to count all meters that are on the same or contiguous properties as being served by one SDP.” This is a repeat of an issue Récolte raised earlier in this proceeding. The Decision discussed Récolte’s request for account eligibility for virtual net metering beyond the SDP in Section 4.2 and concluded that, “We will limit the expansion to those customers served by a single SDP. The utilities raise valid concerns about cross-subsidies and use of the T&D system if credits extend beyond the SDP.” Given this conclusion, changing the definition of the SDP would be tantamount to changing the Decision in a fundamental way and is certainly beyond the scope of PG&E’s advice letter. As Récolte itself notes, “The expanded VNM tariff that PG&E has proposed in its advice letter seems to comply with the Commission’s decision and intent,” so its comments are not really a protest of PG&E’s advice letter but rather a critique of the Decision. As such, the Récolte protest should be dismissed.

II. PG&E Addresses the Joint Parties’ and DRA’s Desire for an Explanation of Virtual Net Metering Fees

Ordering Paragraph 2 of the Decision provides that: “The utilities may propose a one time account set up fee and monthly administrative fee for VNM service.” PG&E, in accordance with the Decision, included charges for an initial site assessment. The Joint Parties state that “While they are not inherently opposed to the fees proposed, there is a lack of explanation to support certain elements of the fees that needs to be clarified in order to evaluate whether the fees are reasonable and whether it is appropriate to assess the fee in the manner proposed.”

The site assessment fee was developed as a result of PG&E’s experience implementing the low-income VNM program. PG&E has learned that, unlike standard net energy metering (NEM) projects, it is often necessary to make site visits to assess the existing customer service panel equipment and to help determine how best to interconnect VNM projects. This is because while the service panel in most cases is already installed, the generating facility for VNM is new and must be tied into the panel. The site assessment helps determine the best way to make the physical interconnection, since the original panel was likely installed without the anticipation of a generator tie-in and may have constraints. Additionally, some of the low-income VNM generating facilities were installed prior to determining how exactly they would tie in at the panel, resulting in limited interconnection options that further complicate the site assessment.

In PG&E's subject advice letter, a detailed breakdown was provided of how the costs for the site assessment fee were developed. As cited in the Joint Parties response, there is a "One-time Service Delivery Point and NEMV Arrangement Assessment Charge: A one-time \$550.00 set up charge, billed to the Owner, for sending out field personnel to assess the best way to tie the generating facility to the existing panels. It is based on the travel and assessment time for two individuals. If there is more than one VNM arrangement at the site the Generating Account Owner will be charged a discounted rate of \$91 (basically the base rate minus the travel time) to do the assessment of the second system if it can be done on the same trip. PG&E Electric Schedule NEMV at Sheet 7."

With regard to Set-Up and/or Monthly Fees, the Joint Parties "believe that it would be helpful to hear more from the utilities on what these fees are intended to cover." These fees are incremental costs to set up the NEMV accounts due to the added complexity of VNM. Recall that the existing NEM rate is for a customer at a single account and is therefore much easier to administer. There is no separate generating account with output to be allocated. Furthermore, there are no allocations to track that can and do change over time, requiring in some cases, multi-month reconciliation over a potentially large number of accounts. Taking these factors into account, a NEMV account is significantly more complicated to administer than a regular NEM account.

Finally, with regard to the Modification Charge, PG&E proposes to charge a modest \$3 per benefitting account change, which is charged to the owner/generating account. PG&E believes that this provides flexibility to re-allocate credit when tenant units become vacant and this should be a significant benefit to operators. (See Issue IV below where this issue is raised.)

III. PG&E Does Not Restrict System Allocation Modifications as Acknowledged by the Joint Parties and DRA

The Joint Parties claim that among the three utilities' advice filings, some restrict modification of the solar credit allocation. However, they did not raise this concern in relation to PG&E's advice letter and noted that PG&E put no restrictions on the frequency that the allocations may be modified, other than allowing adequate time to implement the change.

IV. PG&E Already Addresses the Joint Parties' and DRA's Concern About Unit Vacancies and Non-Participation

The Joint parties observe that PG&E did not specify what will happen to credits due to occupant non-participation or unit vacancy (no active account). They believe it is necessary for PG&E's tariff to contain a provision that articulates what will happen to credits in such circumstances, and that it is unreasonable for the utility

to retain that credit. At the very least, they argue the system owners should have the option of designating in their allocation forms what should happen to such credits (i.e., should be evenly allocated amongst the remaining accounts, or credited to the generating account or the common-area account or some other scenario).

In fact PG&E does specify how to deal with credits from vacancies when we allow the system owner to re-allocate the credit at any time as mentioned in Issue III above. As long as the owner provides sufficient notice to PG&E to complete the needed change, no credit need be lost. The specific language governing re-allocation is covered in Special Condition 3.f:

On a going forward basis, the Owner may add, remove Benefitting Accounts, and/or change the Annual Eligible Energy Credit Allocation to existing Benefitting Accounts. It is the responsibility of the Owner of the Generator Account to notify all Benefitting Accounts in the NEMV Arrangement of any change in their Annual Eligible Energy Credit Allocation. In order to elect this option, the Owner must submit (i) a revised Appendix A with the new allocations as described in Special Condition 3 and (ii) a new Appendix B, and (iii) payment of the one-time allocation modification charge described in Special Condition 2. The submission of these three items must be made at least thirty business days prior to the next the Billing Cycle start date, for it to be effective upon the first day of the next Billing Cycle. There will be no change to any of the (remaining) Benefitting Accounts' existing Relevant Period.

V. PG&E Does Not Include a Restrictive Definition of System Owner or Operator as Acknowledged by the Joint Parties

The Joint Parties note that some of the utilities' tariffs include a definition of a System Owner or Operators in addition to the Service Delivery Point. The Joint Parties believe this adds unnecessary restrictions to the utilities' tariffs.

PG&E's tariff does not place a limiting definition on the term "owner" but instead relies on the Service Delivery Point to determine the extent of an arrangement. The Joint Parties note that "PG&E's tariff allows the greatest flexibility by not placing any restrictions on the ownership term."

VI. Joint Parties Proposed Online Bill Viewing or Monthly Summary Statements

The Joint Parties propose that the PG&E "provide an online system that enables owners to see all of the accounts participating in their system and to track the allocations being made" or alternately, PG&E should "issue a summary 'statement'

to the system owner at the end of each month that details the billing for the participating accounts.”

PG&E supports the idea of providing generation data to the Generator Account Owner and will initiate discussions with the Joint Parties and the Commission to identify data that can be provided to the Generator Account Owner, while protecting the privacy of each of the Benefitting Account Owner’s utility account.

PG&E is concerned that even if there were no privacy concerns, the Generating Account and Benefitting Account details would not line up exactly on a monthly basis unless they were read at exactly the same moment given differences in interval read times between the Generator and Benefitting Accounts. While these small differences even out over time, it is likely that from month to month there would be small differences in totals due to the read timing difference.

VII. Demand Response and Solar Tariffs

The Joint Parties question why NEMV participants should be excluded from participating in demand response. PG&E is willing to allow customers who participate in NEMV to also participate its demand response programs. These programs include E-BIP, E-DBP, E-RSAC and E-CBP.² PG&E already allows such participation in its E-BIP and E-DBP programs but not in its E-CBP and E-PeakChoice programs.² PG&E also agrees to allow customers participating in its AMP program, through third party aggregator services, to be eligible for NEMV at the point in time its contracts are renegotiated. However, PG&E would require that any payments for demand response be limited to the customer's load, and not include excess generation exported to the grid during the hours of a demand response.

VIII. PG&E’s Advice Letter 3902-E-A Already Addresses the Joint Parties Concern About Tariff Sunset Dates

The Joint Parties point out that PG&E’s tariff states the tariff will expire upon meeting the net metering cap (of 5% of the utilities aggregate customer peak demand), on December 31, 2015, or “until all funds available for the incentives have been allocated, whichever comes first.” At the Energy Division’s request, PG&E has already agreed to remove the incentive program reference language plus the “on December 31, 2015” language and submitted supplemental advice letter 3902-E-A to make this change.

² The pending Proposed Decision for PG&E's 2012-2014 Demand Response Programs eliminates E-PeakChoice and the Commercial AC program (E-CSAC). Also, before the E-CBP program would be available to NEMV benefitting accounts however, PG&E would need to submit an Advice Letter to change the E-CBP Eligibility language, since customers billed via net-metering (NEM, NEMFC, NEMBIO, etc.), and customers billed for standby service are not currently eligible for the CBP.

IX. Summary

PG&E agrees to modify its Advice Letter's 3902-E and 3902-E-A to allow NEMV customers to be eligible for demand response programs as discussed in Section VII above, but otherwise urges the Commission to approve the NEMV tariff as submitted in the these Advice Letter packages.

Sincerely,

A handwritten signature in cursive script that reads "Brian Cherry". The signature is written in black ink and is positioned above the typed name.

Vice President – Regulation and Rates

cc: Sky C. Stanfield, Attorney for IREC - Keyes and Fox
Gopal Shanker, President - Récolte Energy
Edward Randolph, Director – Energy Division
Chris Danforth, DRA
Amy Reardon - Energy Division
Maria Salinas - Energy Division
Megan Caulson – SDG&E
Akbar Jazayeri - SCE
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