

**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
(Filed July 10, 2014)

**REPLY COMMENTS OF CALIFORNIA CERTIFIED ORGANIC
FARMERS, INC. (“CCOF”) AND RECOLTE ENERGY IN
RESPONSE TO PARTY PROPOSALS FOR THE AB 327 NET
ENERGY METERING SUCCESSOR CONTRACT OR TARIFF**

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Dated: September 15, 2015

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I. INTRODUCTION

California Certified Organic Farmers, Inc (CCOF) and Récolte Energy submit these Reply Comments in Response to Party Proposals for the AB 327 Successor Tariff or Contract in the matter of Rulemaking 14-07-002.

On September 1, 2015, parties submitted their comments in response to party proposals for a successor tariff/contract structure. CCOF focused its comments on the need for a simplified successor tariff structure; on the need to continue Net Metering Aggregation (NEMA) to ensure ‘sustainable growth’ in the agricultural sector; and on the disproportionate impacts that some party proposals would have on agricultural customer-generators with high seasonal variability in their electricity consumption. Récolte Energy discussed the basis for continuing Virtual Net Metering (VNM) and NEMA under the successor tariff, and proposed a Bill Credit Compensation mechanism as a way to simply and easily eliminate NEM and NEMA billing complexity.

In these joint Reply comments, we highlight the diverse party support for maintaining relative simplicity in the successor tariff and hold up a Bill Credit Compensation mechanism as an appropriate and cost-neutral way of maintaining this simplicity. We

also comment on parties' statements regarding NEMA and again urge the Commission to continue meter aggregation as a feature of the successor tariff.

II. A SIMPLIFIED TARIFF STRUCTURE SHOULD BE A PRIORITY FOR THE COMMISSION

Several parties joined CCOF, Inc. and Récolte Energy in commenting on the need for a simple, straightforward successor tariff. The Joint Solar Parties (JSPs) directly criticize the IOUs' proposals on this score, writing that, "Independent of the significantly reduced economic benefits to purchasers associated with the IOUs' proposals, the complexity and ambiguity of these proposals would certainly discourage a very large number of prospective customers from considering a solar purchase decision."¹

Meanwhile, in its own party proposal and later in its comments on party proposals, PG&E has similarly emphasized the imperative for "simplicity of design, better customer understanding, and ease of implementation" in the successor tariff, stating, "PG&E can support any proposal that is simple for customers to understand, and that also simplifies billing and accounting."² These comments from PG&E come in its discussion of a monthly true-up in the successor tariff, a proposal which PG&E claims would reduce customer confusion but to which multiple other parties have strongly objected.³

As CCOF mentioned in its September 1st comments, the Public Tool was not designed to quantify the adverse impact that an overly-complex successor tariff will have on customers' decisions to install renewables; such a calculation would likely be impossible.⁴ Therefore the Commission must use its discretion when weighing party

¹ See Comments of the Alliance for Solar Choice, Solar Energy Industries Association, California Solar Energy Industries Association and Vote Solar on Party Proposals ("JSPs"). September 1, 2015, p. 47

² See Pacific Gas & Electric Company (U 39 E) Comments on Party Proposals and Staff Papers. September 1, 2015, p. 72.

³ See, e.g. CSE at 8; JSPs at 82-83; TURN at 8; Farm Bureau and AECA at 7-8.

⁴ See Opening Comments of California Certified Organic Farmers, Inc. in Response to Party Proposals for the AB 327 Net Metering Successor Contract or Tariff, September 1, 2015.

proposals, and wherever possible seek to minimize the complexity of the successor tariff structure while still meeting the demands of AB 327.

A. A BILL CREDIT COMPENSATION MECHANISM IS APPROPRIATE AND WARRANTED

If the Commission does determine a need to implement changes that make the current NEM tariff structure significantly more complex, one straightforward and cost-neutral way to simplify matters would be through the adoption of a Bill Credit Compensation mechanism. A Bill Credit Compensation mechanism would essentially mean that just as when a customer owes an IOU for electricity consumed, s/he writes the IOU a check, so too would the IOU write a check to the customer when net credits are due for electricity generated. As Récolte Energy wrote in its September 1st comments, because a NEM customer is already required to size their system to on-site load and for other reasons, this approach does not result in cost shifting and has been supported by Energy Division in the past.⁵ For the purposes of the successor tariff, it would greatly diminish PG&E's own concerns about billing complexity and customer confusion. Additionally, a Bill Credit Compensation mechanism would mitigate some of the challenges in implementing NEMA, and could even reduce IOU billing costs as well as customers' NEMA billing fees.

III. PARTIES SUPPORT THE CONTINUATION OF NET METERING AGGREGATION

In their comments, parties generally support the continuation of NEMA under the successor tariff. However, several parties note that the IOUs' proposed modifications to NEMA may undermine the purpose of the program as enacted in SB 594.⁶ As the JSPs write, "If the electrical production at the generating account is not credited at the full rate for the benefitting accounts, it is pointless to have benefitting accounts....If the credits are not shared among the accounts as if the accounts were one combined load, the

⁵ See Comments of Recolte Energy on Net Energy Metering Successor Tariff or Contract Proposals Pursuant to June 4, 2015 Ruling of ALJ Simon. September 1, 2015, p. 11-12.

⁶ See, e.g., JPSs at 77-78; Farm Bureau and AECA at 5; NEM-PAC 2.0 at 5; IREC at 5.

program would not achieve its statutory purpose.”⁷ To preserve the integrity of NEMA, the Commission should not accept any changes to the basic NEMA structure until it is clear that these modifications are necessary. At the same time the Commission should not adopt any notable changes to the current NEM structure, such as a monthly true-up, without first considering the impact that these changes would have on agricultural and NEMA customers.

IV. CONCLUSION

Thank you for the opportunity to comment. We look forward to participating in this process as the Commission decides on a final structure for the successor tariff.

CCOF has been authorized to submit this joint filing on behalf of Récolte Energy.

Submitted September 15, 2015 at Santa Cruz, California.

Respectfully submitted,



Kelly Damewood
Policy Director
California Certified Organic Farmers

⁷ See JSPs at 77-78.