

**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

And Related Matters.

Application 16-07-015

**COMMENTS OF COALITION OF CALIFORNIA UTILITY EMPLOYEES ON THE
DRAFT RESEARCH PLAN FOR NEM 2.0 EVALUATION**

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I. INTRODUCTION

Coalition of California Utility Employees (“CUE”) appreciates the opportunity to comment on Itron’s draft research plan for net energy metering (“NEM”) presented at the December 6, 2019 workshop.¹

A summary of CUE’s comments are:

- The research proposal should be modified to explicitly include impacts on non-participants;
- The Commission should not delay the report in order to incorporate the 2020 ACC values, but should include the new values if they are available by the June 2020 deadline; and
- The cost-benefit calculations should include the cost of fraud.

¹ Net Energy Metering Evaluation: Draft Research Plan, Itron (“Draft Research Plan”).

II. THE RESEARCH PROPOSAL SHOULD BE MODIFIED TO EXPLICITLY INCLUDE IMPACTS ON NON-PARTICIPANTS

The proposal claims that the research will address the costs and benefits of the NEM 2.0 tariff on non-participating customers.² CUE agrees that along with impacts on participants, program administrators and society-at-large, measuring the costs and benefits to non-participants is crucial for the evaluation of NEM 2.0. Yet the research proposal does not detail *how* it will measure impacts on non-participants. The draft proposal only states:

The DER cost-effectiveness model's primary purpose will be to evaluate the cost-effectiveness of customer-sited resources under NEM 2.0 using the SPM tests including the total resource cost test (TRC), the participant cost test (PCT), the program administrator cost test (PA), and the rate payer impact test (RIM). Each test evaluates the tariff's cost-effectiveness from alternative perspectives, assessing the impact of the tariff on society, participants, Program Administrators, and non-participants. We will evaluate cost-effectiveness using 2019 as a base year and for the duration of the life of the systems.³

However, none of the tests listed in the research proposal explicitly address non-participant impacts. While the TRC, the PA, and most certainly, the PCT test do not give any results for non-participants, it might be argued that the RIM test applies to non-participants. But the RIM test typically addresses the impacts on all ratepayers together whether they are participants or not. The RIM test was conceived for situations in which participation is relatively widespread such as energy efficiency programs, and the benefits are also widespread due to savings from avoided supply costs.⁴ In the case of NEM 2.0, however, participation is not widespread, and the benefits to non-participants, if any, do not come from reduced supply costs. Non-participants pay substantially more for power produced from solar energy exported to the

² Ibid., p. 2.

³ Ibid., p. 7.

⁴ Standard Practice Manual, p. 13.

grid (approximately \$0.20/kWh) when identical solar energy can be obtained from utility-scale solar projects for less than 1/6 the price (\$0.03/kWh).

For these reasons, the research proposal should be modified to include explicit calculation of costs (and benefits) to non-participants. These should include the annual cost shift onto non-participants' rates each year.

III. COST AND BENEFIT CALCULATIONS SHOULD INCORPORATE THE 2020 ACC VALUES ONLY IF THOSE VALUES ARE AVAILABLE BY THE JUNE DEADLINE

Rather than make up its own valuation framework, the research proposal correctly intends to use values from the Avoided Cost Calculator ("ACC"). It was suggested in the workshop that Itron should opine in their report on other values provided by NEM 2.0 that are not in the ACC but should be in the ACC. This is completely inappropriate. There are other proceedings in which the Commission is carefully considering how to evaluate DER. ACC inputs are being considered in R.14-08-003 and transmission and distribution deferral values are being developed in R.14-08-013. The IRP proceeding, R.16-02-007, will potentially provide inputs to the ACC under the coming update. The appropriate place for Itron to comment on additions or modifications to the ACC is in one of these proceedings, not in a research project where speculation on the appropriate elements of the ACC is completely out-of-scope.

According to E3 in the workshop, the new ACC values will be available in May 2020. The research proposal has a deadline of June 30, 2020 for the draft report.⁵ While this should give Itron enough time to incorporate the 2020 ACC values, the Commission should not delay the NEM evaluation if the new ACC values are unavailable by the deadline.

⁵ Draft Research Proposal, p. 9.

IV. THE COST-BENEFIT CALCULATIONS SHOULD INCLUDE THE COSTS OF FRAUD

As part of this proceeding, the Commission is examining the extent of fraud in the residential and small business solar industry and is considering enhanced consumer protections.⁶ CUE understands that while there are no firm figures available, the costs of fraud may reach well over \$100 million. Because of the size of these costs, it is appropriate for Itron to include the costs of fraud in its analysis. While fraud costs are not a part of the ACC, it is appropriate for Itron to include them because they are specific to the technology and program in question.

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Respectfully submitted,

/s/

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⁶ See Assigned Commissioner's Ruling Regarding Enhanced Consumer Protections Via Potential Modifications to Customer Information Packet Signature Requirement, and Solar Provider Registration Process for Interconnecting Under Net Energy Metering, Rulemaking 14-06-002 (10/18/19), stating "my office has become aware of many fraud cases where the consumer does not know the name of the salesperson or the name of the company that they supposedly have a contract with, nor do they have a copy of the contract, yet they have been interconnected. In some cases, the consumers were told they were signing a tablet to determine if they were eligible for a free government program, only to learn later that the signature was used on a contract that included significant debt that they could not afford."