

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**

Order Instituting Rulemaking on the Commission's
Own Motion to Conduct a Comprehensive
Examination of Investor Owned Electric Utilities'
Residential Rate Structures, the Transition to Time
Varying and Dynamic Rates, and Other Statutory
Obligations

Rulemaking 12-06-013
(Filed June 21, 2012)

**COMMENTS OF VOTE SOLAR
ON THE PROPOSED DECISION ON RESIDENTIAL RATE REFORM
(PHASE 1)**

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I. Introduction

Pursuant to the California Public Utilities Commission's ("Commission") Rules of Practice and Procedure 14.3, and to Administrative Law Judge McKinney's April 29 Email Ruling Increasing Page Limit for Comments, Vote Solar respectfully submits these comments to the Proposed Decision ("PD") of ALJs McKinney and Halligan for Phase 1 of this proceeding.¹

Vote Solar has argued in this proceeding for residential rate redesign that avoids new fixed charges and maintains a meaningful differential between tiers. However, we have focused the majority of our participation in this proceeding on the utilities' proposals for their optional time-of-use ("TOU") rates. Vote Solar has proposed to preserve existing optional TOU rates that better support residential customers that adopt solar photovoltaic ("PV"). Specifically, Vote Solar proposes that the utilities' existing TOU rate schedules that are currently open to new customers should remain open to new customers as an additional rate option (in addition to the utilities' proposals for new opt-in TOU rates). Additionally, Vote Solar argued that net energy metered ("NEM") customers currently taking service on TOU rates be grandfathered for the

¹ As of January 1, 2015, The Vote Solar Initiative changed its name and is now operating as "Vote Solar," a California non-profit, public benefit corporation with Internal Revenue Code § 501(c)(3) status.

same 20-year transition period set by the NEM transition decision (D.14-03-041), which begins from the date of interconnection, even if these tariffs are closed to new customers or terminated for non-NEM customers. Applying the same 20-year transition period for NEM customers on closing TOU rates is consistent with Commission precedent, would ensure a reasonable opportunity for these customers to recoup their costs and investments in renewable distributed generation (“DG”), and would be administratively simple.

Generally, the PD has taken the approach to give customers on tariffs proposed for closure or elimination a much shorter transition period of five years before these tariffs are terminated. The PD would also modify the structure of the rates on these existing tariffs by adding a minimum bill provision or fixed charge. These aspects of the PD are inconsistent with State policy and prior Commission decisions. Therefore, the PD should be revised to ensure that residential customers investing in solar are at least assured that their chosen rate will be available for a period that allows a reasonable opportunity to recover their investment, and these rates should not be structurally modified by addition of a fixed charge.

While we oppose the PD’s approval of new fixed charges over the longer term and also oppose the adoption of the utilities’ proposed small tier differential, these comments are chiefly focused on the optional TOU aspects of the PD. In particular, revisions to the PD are needed to clarify the timeline for closing and elimination of optional TOU rates. The PD should be modified to consistently state what rates customers will be placed upon after the elimination of a TOU rate. Lastly, the PD should be revised throughout to remove unsupported statements regarding the behaviors and impacts of solar NEM customers.

Correlating corrections to the PD’s Findings of Fact and Conclusions of Law are provided in Appendix A to these comments.

II. The PD Fails to Recognize State and Commission Policy by Abandoning Rate Options That Support Existing Investments in Solar.

As noted by the PD,² one of the goals of AB 327 is to give the Commission the ability to “address current electricity rate inequities, protect low income users and maintain robust incentives for renewable energy investments.”³ Investment in solar PV is a noted example of economically efficient decision making that should be encouraged by residential rates.⁴ The PD acknowledges that there will be impacts to NEM customers from changes to the residential rate structure.⁵ In R.14-07-002, the Commission has also recognized that changes to the residential rate structure will affect the bill credits that customer-generators currently receive under NEM.⁶ Section 2827.1(b)(6) of the Public Utilities Code, added by AB 327, requires that the Commission establish a transition period for customers under the current NEM program, and that those rules “consider a reasonable expected payback period” for existing NEM customers. Decision 14-03-041, the NEM transition decision, established a 20 year transition period for the existing NEM tariff, finding that allowing customers to stay on the NEM tariff for 20 years from the year of interconnection provides an opportunity to recoup initial investments in these systems.⁷ Taken together, it is clear that the State and Commission continue to support a framework that ensures that existing NEM customers can have reasonable certainty in recouping their investment in solar DG.

The PD then proceeds to abandon State and Commission policy by allowing Pacific Gas and Electric Co. (“PG&E”) to close its existing TOU tariff to new customers, thereby failing to

² Proposed Decision, hereinafter “PD”, at 31.

³ Letter to State Assembly Members regarding AB 327, from Gov. Edmund G. Brown Jr., Oct. 7, 2013.

⁴ R.12-06-013, “Scoping Memo and Ruling of Assigned Commissioner,” Nov. 26, 2012, at 7.

⁵ See PD at 289, Finding of Fact No. 136.

⁶ See Order Instituting Rulemaking for R.14-07-002 (Jul. 17, 2014) at 9; see also Scoping Memo and Ruling of Assigned Commissioner, R.14-07-002 (Jan. 23, 2015) at 5 .

⁷ D.14-03-041 at 20.

maintain even one open, optional TOU rate for PG&E that supports or encourages solar adoption. The PD also contradicts the Commission’s findings in the NEM transition decision by ordering a much shorter transition period for customers taking service under tariffs that would be closed by the PD in this proceeding. Upon closure of PG&E’s E-6 rate, these customers would be able to stay on this rate for a mere five-year transition period, at which time they would be moved onto E-TOU. In addition, the PD would also permit the utilities to apply a “minimum bill or fixed charge” to existing opt-in TOU rates,⁸ thereby altering the structure and benefits of these tariffs for solar customers. For San Diego Gas and Electric Co.’s (“SDG&E”) optional TOU rates, the PD would allow SDG&E to at least double its minimum bill provisions for DR-TOU, DR-SES and TOU-DR. Taken together, the PD would undercut the economics of both existing solar DG projects that were developed based on the utilities’ TOU rates and future solar DG projects.

Vote Solar provided the Commission with a simple solution to ensure that a rate would exist for a time period necessary to support the existing and new solar investments of residential customers. Vote Solar proposed that the Commission maintain the current structure of existing, optional, revenue neutral TOU rates for PG&E and SDG&E.⁹ For example, PG&E’s E-6 rate has significant differentiation between upper and lower tiers and no fixed charge or minimum bill, which makes this rate attractive to customers seeking to recover the cost of their solar investment. According to PG&E, 35.7 percent of PG&E’s NEM customers take service on this TOU rate,¹⁰ which shows the success of this rate design for encouraging rooftop solar

⁸ PD at 143.

⁹ Vote Solar’s proposal does not apply to Southern California Edison (“SCE”) because Decision 14-12-048 ordered SCE to keep its Schedule TOU-D-T open for the near-term until the date on which the tariffs implementing SCE’s 2018 GRC Phase 2 are effective. (See Vote Solar Opening Brief at 15-16.)

¹⁰ Supplemental Information (Part 1) of Pacific Gas and Electric Company, Apr. 1, 2015, at 11. PG&E represents that the “[p]ercentage of residential NEM customers on TOU tariffs that are proposed to be

investment. SDG&E's DR-TOU (tiered), TOU-DR (tiered), and DR-SES (non-tiered) have very modest minimum bill provisions, as these current tariffs have minimum bills that are approximately half the minimum bills that the PD would allow for SDG&E's tariffs.

Furthermore, the PD fails to explain why service under PG&E's proposed E-TOU is any better from an equity perspective than service under E-6. The PD summarizes that PG&E's proposed "E-TOU is designed to be revenue neutral in the sense that it is designed as if the entire residential population is on it. That makes it revenue neutral to the entire population."¹¹ The same is true for E-6.¹² E-TOU also has a potential revenue deficiency of \$300 million or more if E-TOU customers rationally respond to daily price signals: i.e., use less energy during peak times.¹³ Despite the similarities in the deficiencies presented for the two TOU rates, the PD approves PG&E's E-TOU and allows E-6 to be closed and scheduled for elimination in five years.

Vote Solar also proposed grandfathering NEM customers on any closed rates for a time consistent with the 20 year period established by the NEM transition decision. The PD, by setting a five year transition period for closed TOU rates, is inconsistent with the conclusions of D.14-03-041, and does not set a timeframe consistent with that decision's determination that, for customers eligible for the NEM program, a 20 year transition period from the year of interconnection is appropriate.¹⁴ The PD is at odds with D.14-03-041's finding that on average residential customers need eight to twelve years to recover the costs of installing a renewable

closed" is 35.7%. Because E-6 is the only TOU rate proposed for closure in this proceeding (E-7 and E-8 are already closed), this statement infers that 35.7% applies to E-6 NEM customers.

¹¹ PD at 145.

¹² Tr. 12:1368-69.

¹³ PD at 145.

¹⁴ D.14-03-041 at 37 (Conclusions of Law Nos. 1 and 2).

distributed generation system.¹⁵ At a minimum, the PD should be revised to extend the transition period for customers on closed TOU rates to cover the eight to twelve years from the date of interconnection needed to recoup the costs of installing a renewable generation system so that these customers are at least assured a reasonable opportunity to recover their investment.

Vote Solar's comments on the PD in the sections below are not intended to imply that Vote Solar has acquiesced to the PD's choice to allow only five years for a transition period. Vote Solar maintains its positions on the need to preserve the utilities existing, optional TOU rates among a menu of residential rates, as described above, and that customers should be grandfathered on closing rates for a period consistent with the NEM tariff eligibility.

III. Changes to the PD are Necessary to Clarify the Timeline for the Transition Period for Customers on Existing TOU Rates.

The PD should be revised to eliminate confusion around the timeframes for closing and elimination of TOU rates in order to promote customer understanding of the availability of these rates.

First, the evidence, briefs, and PD provide different dates for changes to PG&E's existing TOU rates, which may understandably be the result of the schedule extensions in Phase 1. What PG&E has most recently proposed is the following: "PG&E proposes to close its Schedule E-6 and EL-6 rates to new participants 90 days after a final decision in 2015 in RROIR Phase 1....PG&E proposes to eliminate Schedules E-6, EL-6, E-7 and EL-7, E-8 and EL-8 on January 1, 2016."¹⁶

To remove the potential for confusion and to be consistent with the apparent intention of the PD,¹⁷ the PD should be revised so that it is clear that E-6 may not be restructured prior to

¹⁵ D.14-03-041 at 35 (Finding of Fact 2).

¹⁶ PG&E OB at 57, n. 187.

¹⁷ See PD at 140, 142.

closure, and the Commission's chosen transition period for PG&E's closed or closing TOU rates starts on January 1, 2016.

The PD does not anywhere approve PG&E's proposal to restructure E-6 prior to closure,¹⁸ and this limitation should be provided clearly in the decision. A hard date of January 1, 2016 for closure of E-6 is consistent with the intention of the PD, which already expects E-6 to close in 2016,¹⁹ and is more reasonable than PG&E's proposal because PG&E's proposal to close E-6 90 days after a decision in Phase 1 of the proceeding is likely to result in the closure of E-6 in the fourth quarter of 2015. Confusion will be best avoided, and the transition period will be easier to understand, if a January 1, 2016 closure date for E-6 is express.

Second, the PD should also clarify that customers with pending interconnection requests selecting an E-6 rate will be allowed to take service on E-6 in the case where the processing of the interconnection request is finished after the closure of the E-6 rate to new customers. When a residential customer submits a request to interconnect its DG system, the customer chooses the rate under which the customer will take service. PG&E currently takes several months to process an interconnection request because of a backlog of requests. It is likely that this backlog will persist into the future and that the E-6 rate will close before some customers' interconnection requests are processed. Therefore, for customers making interconnection requests seeking service on E-6 that are submitted before the date E-6 is closed, these customers should continue to be eligible for service under that rate. This avoids the problems associated with lags in processing interconnection requests that led to the re-opening of E-7 discussed in D.08-06-011.²⁰

¹⁸ See PD at p. 142, 270, 290.

¹⁹ PD at 142.

²⁰ In D.08-06-011, the Commission conditionally re-opened E-7 after PG&E had difficulty managing a queue of customers in a previously authorized limited re-opening of E-7.

Third, corrections to the PD are also necessary to clarify how the transition period applies to E-7, and should contain accompanying findings of fact and conclusions of law. The PD chooses to apply a five year transition period to E-7 customers, but states that the transition period begins on the date of closure.²¹ Because E-7 was closed in 2008,²² a five-year transition period from 2008 would have already passed. For the PD's application of a transition period to E-7 to make sense, Vote Solar assumes that the PD meant to indicate that the transition period should start from the date this rate is proposed for elimination (2016). Therefore, for the application of the transition period for E-7 to make a difference, the PD should be revised to clarify that the transition period for E-7 customers will begin January 1, 2016, which is PG&E's proposed year for elimination of this rate. E-7 would then be eliminated at the end of the transition period and customers would default to an alternate tariff.

Fourth, the PD is correct that SDG&E's rate DR-TOU was closed January 2015. At this time, SDG&E is proposing to eliminate DR-TOU in Phase 2 of its General Rate Case ("GRC").²³ The PD should clarify that the transition period applies to customers on Schedule DR-TOU, as well. SDG&E should not be permitted to avoid the Commission's transition period protections for customers that are established in this proceeding by proposing to eliminate Schedule DR-TOU outside of this proceeding.

Lastly, it is not clearly stated that the guidelines for TOU opt-in rate design at page 161 of the PD do not apply to the existing TOU rates that are proposed for closure or termination. To avoid unintended application of the guidelines to PG&E's E-6 and E-7, and SDG&E's DR-TOU,

²¹ PD at 143.

²² See D.08-06-011.

²³ A.15-04-012, Prepared Direct Testimony of Cynthia Fang, Chapter 2, on Behalf of San Diego Gas & Electric Company, Exhibit SDG&E-02, pages CF-7 and CF-8 (April 13, 2015), available at https://www.sdge.com/sites/default/files/regulatory/Chapter%202%20-%20SDGE_Cynthia_Fang_Testimony.pdf

the PD should be revised to state that these guidelines will apply to TOU rates that remain open after January 1, 2016 and that will be designed and implemented by the utilities going forward. Including this explanation will reduce confusion regarding the timeline for changes to TOU rates approved for closure or elimination by this proceeding.

IV. Changes to the PD are Necessary to Clarify the Rate TOU Customers Will Default to at the End of the Transition Period.

The PD should be revised where needed so that it is clear which rate customers will default onto when these rates are eliminated. For PG&E's E-6 and E-7 customers, this rate is E-TOU, and for PG&E's E-8 customers, this rate is E-1.²⁴ No rate is given for SDG&E customers on DR-TOU, as these customers were not considered in the PD. It is reasonable for the Commission to order that DR-TOU customers subject to a transition period will be moved to SDG&E's newly designed cost-based TOU rate.²⁵ In support of these clarifications, Appendix A to these comments provides additions to the PD's Conclusions of Law and section VI of these comments provides corrections to the PD's opt-in TOU rate table at page 270.

The PD opens an avenue for PG&E to cap enrollment on Schedule E-TOU: "Enrollment can be capped if migration from tiered default rate to E-TOU suggests that a significant revenue shortfall is likely. PG&E must file a Tier 2 Advice Letter to request a cap."²⁶ However, it is unclear what the fate would be for E-6 and E-7 customers at the end of the five-year transition period if E-TOU is capped. To be consistent with the PD's proposal to move these customers to E-TOU, the PD should provide that if a request to cap E-TOU is approved, that cap will not preclude customers from moving to E-TOU from E-6 and E-7 when those tariffs are eliminated

²⁴ See PD at 137.

²⁵ See PD at 165-170, 270.

²⁶ PD at 164.

at the end of the transition period. This change is consistent with the expectations of the PD and assures that customers conditioned to a TOU rate will continue on a more similar rate structure.

The PD's treatment of E-8 customers should be slightly adjusted to avoid customer confusion. E-8 is proposed for elimination on January 1, 2016, and these customers would be defaulted to E-1. E-8 is a seasonally differentiated, four-tier rate. The PD also directs PG&E (and Southern California Edison) to explore seasonally differentiated rates for 2016, which would be proposed in the next applicable GRC or Rate Design Window ("RDW") proceeding.²⁷

Under the determinations and timelines in the PD, it is conceivable that an E-8 customer could be removed from its seasonally differentiated rate, placed on an inclining-block rate with no seasonal differentiation, then subject to a seasonally differentiated rate again in a year or two.

This yo-yo treatment makes little sense for these customers. Therefore, the PD should be revised so that customers taking service on Schedule E-8 will be moved off this rate and onto a seasonally differentiated E-1 rate when such a tariff is approved by the Commission.

V. The PD Should Be Changed to Provide That Transitioning TOU Rates are Subject to a Minimum Bill, Not a Fixed Charge.

Vote Solar maintains that adding either a minimum bill or fixed charge to rates has a proven negative impact on conservation and energy efficiency,²⁸ and that the record in the proceeding does not support the inevitable application of a fixed charge at the conclusion of the tier collapse. While adding either a minimum bill or a fixed charge is both unnecessary and undesirable to customers, between the two options, Vote Solar supports the PD's choice of a minimum bill.

The PD, however, creates uncertainty on which of the two charges will be applied to the closed TOU rate schedules or when such charges would be applied. "The minimum bill or fixed

²⁷ PD at 117.

²⁸ Vote Solar OB at 10-11.

charge approved for the default tariff must also apply to existing TOU rates including E-6 and E-7.”²⁹ The PD adopts a minimum bill and defers implementation of fixed charges until the IOUs have completed the tier convergence and tier flattening, which under the PD will occur in 2019.³⁰ If a five year transition period begins in 2016, the closed TOU rates would be eliminated at the end of 2020, which is only one year after the earliest year in which fixed charges could be imposed. The PD, therefore, creates an unpredictable state for customers on closed TOU rates. To avoid unnecessary confusion and adjustment of these tiered TOU rates, the Commission should only apply a minimum bill for closed TOU rates subject to the transition period. Where a fixed charge is imposed for the default rate during the transition period, the closed TOU rate’s minimum bill amount should be set at the same amount approved for the fixed charge for the default rate.

VI. The PD’s Summary of Existing TOU Rates Has Errors

The table at page 270 of the PD has factual errors that require correction. Additionally, the clarifications and proposals discussed in these comments should be adopted and the table should be accordingly modified. Below, please find corrections and modifications. The column on the right side of the table provides a brief explanation of Vote Solar’s changes.

| Utility | Opt-In TOU Tariff | Status/Approvals | <i>Vote Solar Comment on Proposed Changes</i> |
|----------------|--------------------------|---|---|
| PG&E | E-TOU | Approved in this decision. Peak periods being set in A.14-11-014. | |
| PG&E | E-6 | Closure to new customers <u>starting January 1, 2016</u> approved in this decision. Legacy Tariff for existing customers with 5-year transition | <i>Clarification pursuant to discussion in PD and these comments. This decision is setting the</i> |

²⁹ PD at 143.

³⁰ See PD at 195.

| | | | |
|-------|--|---|---|
| | | to new TOU rate required; <u>movement to E-TOU at end of transition period. transition glidepath to be addressed in A.14-11-014.</u> | <i>transition period for this rate.</i> |
| PG&E | E-7 | Closed to new customers. Legacy Tariff for existing customers with 5-year transition to new TOU rate required; <u>transition glidepath to start January 1, 2016; movement to E-TOU at end of transition period. to be addressed in A.14-11-014.</u> | <i>Clarification pursuant to discussion in PD and these comments.</i> <i>This decision is setting the transition period for this rate.</i> |
| PG&E | E-8 | Closed to new customers. E-8 has been closed to new customers for 20 years. This decision approves eliminating E-8 <u>upon implementation of a seasonally differentiated E-1 rate</u> and transferring existing customers to <u>E-1 at that time an alternative TOU rate to E-TOU.</u> | <i>E-8 was closed in 2003, and was closed by D.01-05-064. It has not been closed for 20 years.³¹</i> <i>The PD and PG&E's proposal clearly move these customers to E-1, not E-TOU.</i> <i>Vote Solar proposes elimination of this rate and movement to E-1 upon implementation of a seasonally differentiated E-1.</i> |
| SDG&E | Cost based TOU | This decision directs SDG&E to create a TOU opt-in that does not include DDMSF. | |
| SDG&E | DR-SES EV-TOU EPEV-X; EPEV-Y; EPEV-Z | TOU period changes being considered in A.14-01-027. | |
| SDG&E | DR-TOU | Closed as of January 2015 pursuant to D.12-12-004. <u>This decision approves the application of a transition period for customers on this rate; transition glidepath to start January 1, 2016; customers to be placed on new, cost-based TOU rate at end of glidepath.</u> | <i>SDG&E is proposing elimination of this rate in A.15-04-012 (GRC, Phase 2).</i> <i>These comments argue that SDG&E's DR-TOU customers should be given the same treatment as customers on PG&E's</i> |

³¹ PD at 137.

| | | | |
|------------|-------------------------------|---|--|
| | | | <i>closing and closed rates.</i> |
| SDG&E | TOU-DR EECC-TOU- DR-P | Available January 1, 2015 pursuant to D.12-12-004. | |
| SCE | TOU D (Option A and Option B) | Approved in D.14-12-048. | |
| SCE | CPP OTR SDP | Existing overlay tariffs. | |
| <u>SCE</u> | <u>TOU-D-T</u> | <u>Available until the date on which the tariffs implementing SCE's 2018 GRC Phase 2 are effective pursuant to D.14-12-048.</u> | <i>This rate was omitted by the table.</i> |

VII. The PD Unfairly Paints Residential Solar Customers in a Negative Light and Contains Errors Regarding the Impacts of These Customers.

Residential solar adopters are conscientious energy consumers that, despite the economic risks of installing solar systems, have responded to the state’s renewable and solar energy policies and incentives. The PD fails to recognize the good intentions of residential solar adopters, some of whom installed solar before the recent reductions in PV panel costs, and many of whom pursued solar with the intent to protect the environment. Instead, the PD repeatedly paints solar customers as a detriment to other residential customers.

For example, the PD presumes, without record support, that customers who install rooftop solar “may actually increase usage to maximize perceived benefits from having their own energy source.”³² Similarly, the PD states that “solar customers may choose to reduce conservation given they no longer pay the utility for all of their electricity.”³³ These topics were not litigated in the proceeding, and there is no evidence in the record to substantiate these theories. Accordingly, they should be deleted.

³² PD at 29, n. 36.

³³ PD at 97.

The PD incorrectly describes the net compensation rate at page 136, and the PD's misrepresentation infers that solar customers are unfairly paid for the renewable energy they generate. Specifically, the PD states, "The net surplus electricity compensation rate established by the Commission represents the amount paid by the utilities per kWh to procure power at peak times."³⁴ Actually, the net surplus compensation rate is based on an average 12-month market energy price, not a peak price.³⁵ This misunderstanding of the NEM program should be corrected.

The PD alleges in several places that NEM customers as a group are subsidized by other customers.³⁶ This is not substantiated by the record in this proceeding, nor has the Commission found that NEM constitutes a subsidy in any other proceeding. Additionally, it is inappropriate for the PD to contain conclusions regarding any subsidies between NEM and other customers because the costs and benefits of NEM from various ratepayer perspectives are being considered in R.14-07-002,³⁷ and to do so prejudices the outcome of that proceeding. Vote Solar therefore requests that the PD be revised to remove these inappropriate representations regarding solar NEM customers.

³⁴ PD at 136.

³⁵ D.11-06-016, Ordering Paragraph 1.

³⁶ See PD at 172 ("NEM customers and vacation home owners often do not have volumetric usage and thus often do not pay anything towards fixed costs incurred on their behalf."); PD at 291, Finding of Fact 164 ("A fixed charge to reflect a portion of fixed costs would reduce the current subsidy to vacation homeowners and NEM customers."); PD at 292, Finding of Fact 179 ("A minimum bill would reduce the current subsidy to vacation homeowners and NEM customers.").

³⁷The OIR for R.14-07-002 notes at page 7 that the proceeding addresses AB 327's requirement that "the [NEM successor] standard contract or tariff made available to eligible customer-generators is based on the costs and benefits of the renewable electrical generation facility." Further, the OIR notes at page 10 that one of the anticipated activities in the proceeding is "development of a tool for estimating the costs and benefits of various NEM successor tariff options or rate scenarios."

VIII. The PD Incorrectly Characterizes Vote Solar’s Proposal and Needs to be Corrected.

Vote Solar’s testimony and opening brief explained the features of a TOU rate that promotes investment in solar PV for residential customers, and proposed that the IOUs keep open their existing, revenue-neutral TOU rates in addition to the creation of new TOU rates proposed by them in this proceeding. Vote Solar did not propose that the Commission adopt a new solar friendly TOU design, as indicated in the PD.³⁸ Accordingly, Vote Solar requests that this discussion in the PD be modified to state that Vote Solar recommended retention of currently open TOU rates that have structures better suited for solar customers and solar adoption.

IX. The PD Contains Conflicting Direction on Where TOU Periods Will Be Addressed.

The PD’s proposed Finding of Fact No. 127 states that TOU periods will be addressed in GRCs and the text of the PD states that TOU periods will be addressed in RDW or GRC Phase 2 proceedings.³⁹ Taken together, the intention of the PD appears to be that TOU periods will be addressed in the utilities’ GRCs, and that specifically Phase 2 of the GRCs is the appropriate time for this issue. This is consistent with the positions of Vote Solar and other parties during this proceeding that GRC Phase 2 is the appropriate procedural place to consider TOU periods.⁴⁰ Inconsistencies with this finding should be fixed throughout the PD.

X. Conclusion

Vote Solar commends the Administrative Law Judges on issuing a comprehensive PD that thoughtfully addresses the many complex issues in the scope of this proceeding. However, Vote Solar believes that the PD should be modified to reject fixed charges, support a greater end-state differential between the tiers, and maintain existing TOU rates that support residential solar

³⁸ PD at 139-140

³⁹ PD at 135.

⁴⁰ See Vote Solar Opening Brief at 26; SEIA Opening Brief at 33.

APPENDIX A

Vote Solar Recommended Changes to Supporting Findings of Fact and Conclusions of Law

For simplicity, these recommended revisions to the Findings of Fact and Conclusions of Law do not revise the five-year length of the transition period. However, as argued in these comments, this period should be extended for a timeframe that is consistent with Commission precedent that appreciates the need for recovery of residential customers' solar investments.

Findings of Fact

19. Payback periods for energy efficiency investments, and investments in rooftop solar by customers who consume primarily in the lower tiers, ~~by customers who consume primarily in the lower tiers,~~ will be increased if the price of lower tier energy is raised.

127. IOUs should set TOU periods during Phase 2 of their ~~in~~ GRCs.

136. The NEM tariff was “grandfathered” by D.14-03-041 ~~14-12-48~~, but because the NEM tariff is an “overlay” rate, NEM customers will be impacted by rate changes in this proceeding.

137. Modifications to the NEM tariff and determinations regarding the costs and benefits of residential customers who have installed rooftop solar are under consideration in R.14-07-002 ~~a different proceeding~~.

138. NEM customers taking service under existing TOU rates may have reasonably expected that their rate structure would not dramatically change.

144. Customers on PG&E's E-6, EL-6, E-7, and EL-7 rate schedules and SDG&E's DR-TOU tariff should be permitted a five year transition beginning January 1, 2016 to new TOU rates.

163. Under a volumetric rate structure, customers with extreme low usage, such as vacation home owners ~~and NEM customers~~, do not pay their share of fixed costs.

164. A fixed charge to reflect a portion of fixed costs would reduce the current subsidy to vacation homeowners ~~NEM customers~~.

179. A minimum bill would ~~reduce the current subsidy to~~ ensure the collection of the fixed costs of serving customers with extreme low usage, such as vacation homeowners and some NEM customers.

Conclusions of Law

~~15. A fixed charge representing a portion of the fixed costs to serve the individual residential customer is reasonable.~~

~~17. A fixed charge should not be implemented until the tier collapse is completed.~~

[New CoL to insert before No. 39.] PG&E's request to restructure E-6 an EL-6 prior to closure of the rate is rejected.

39. PG&E's request to close E-6 and EL-6 should be granted, and this rate should be closed on January 1, 2016.

[New CoL to insert after No. 39.] PG&E's request to eliminate E-7 an EL-7 should be approved, and this rate should be eliminated at the conclusion of a five year transition beginning January 1, 2016.

40. PG&E's request to eliminate E-8 and EL-8 should be approved, and this rate should be eliminated upon the availability of seasonally differentiated E-1 rates.

[New CoL to insert after No. 40.] Upon elimination of E-8 and EL-8, customers will be moved to the seasonally differentiated E-1 rate.

42. In order to provide for a gradual transition to new TOU periods and rate schedules, customers on PG&E's E-6, EL-6, E-7 and EL-7 rate schedules should be allowed to remain on those tariffs for a transition period that extends up to of 5 years after the respective tariff is either closed to new customers, in the case of E-6 and EL-6, or eliminated, in the case of E-7 or EL-7, on January 1, 2016.

[New CoL to insert after No. 42.] PG&E customers submitting an interconnection request selecting E-6 or EL-6 prior to January 1, 2016 shall be eligible for this rate through the transition period.

[New CoL to insert after No. 42.] Upon elimination of PG&E's E-6, EL-6, E-7 and EL-7, these customers will be moved to E-TOU.

[New CoL to insert after No. 45] The 5 year transition period should apply to SDG&E's closed rate DR-TOU, and this transition period should begin on January 1, 2016.

[New CoL to insert after No. 42.] The minimum bill approved for the default tariff should also apply to existing TOU rates, including PG&E's E-6, EL-6, E-7, and EL-7, and SDG&E's DR-TOU.

[New CoL to insert after No. 42.] Where a fixed charge is imposed on the default rate, customers on closed TOU rates subject to a transition period shall be subject to a minimum bill set at the same amount as the fixed rate approved for the existing default rate.