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BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision 16-01-044, and to Address Other Issues Related to Net Energy Metering.	Rulemaking 20-08-020

OPENING COMMENTS
OF THE PUBLIC ADVOCATES OFFICE
TO PROPOSED DECISION

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See proposed changes to Findings of Fact and Conclusions of Law detailed in the Appendix below.

I. INTRODUCTION

Pursuant to the instructions of Administrative Law Judge (ALJ) Kelly A. Hymes, the Public Advocates Office at the California Public Utilities Commission (Cal Advocates) submits these Opening Comments on the *Proposed Decision Revising Net Energy Metering (NEM) Tariffs and Subtariffs* (PD) issued on November 10, 2022.[1]

The PD appropriately concludes the current NEM policies are not cost effective,[2] result in a significant cost shift to non-NEM customers,[3] and create inequitable burdens felt disproportionately by low-income households and those in disadvantaged communities (DACs).[4] The PD includes needed reforms to the current NEM policy that would reduce the cost shift, address inequities, and align incentives to continue California's role as a leader in paired solar and storage energy systems.

The PD's much-needed reforms constitute a step in the right direction by adopting a successor tariff that more closely aligns compensation for exported energy with the value it provides the grid. This will moderate the pace of cost shift increases going forward, and encourage customers to pair solar photovoltaic technology (PV) with energy storage to help further our climate objectives and meet the grid's needs.[5] However, these reforms do not go far enough because the PD only corrects some of the cost shift that will be incurred by future solar customers who have yet to enroll in successor tariff. The PD also does not address the much larger cost shift originating from legacy NEM 1.0 and NEM 2.0 customers. Instead, the PD contemplates dealing with this second and much larger problem in the Demand Flexibility Rulemaking (R.22-07-005) where the Commission will consider income-based fixed charges.[6] Failing to address the

[1] The PD was issued to replace a prior Proposed Decision issued by ALJ Hymes on December 13, 2021. See, *Proposed Decision of ALJ Hymes Revising Net Energy Metering Tariffs and Subtariffs*, issued December 13, 2021.

[2] See COLs 1 through 7.

[3] OP, 1.

[4] OP, 1(d) "the NEM 2.0 tariff disproportionately harms low-income customers."

[5] *Public Advocates Office's Proposal for a Successor to the Current Net Energy Metering Tariff* at 44.

6 Proposed Decision, at 184.

growing cost shift from NEM 1.0 and 2.0 customers is inconsistent with the PD's characterization of the ***current*** cost shift as unsustainable and severe, requiring urgent reform.[7] Additionally, while attempting to ensure that the solar industry continues to grow "sustainably," the PD stumbles when it approves an unnecessary glidepath whereby customers would receive an additional fixed $/kWh compensation rider[8] on top of the base compensation derived from the Avoided Cost Calculator (ACC). The proposed adder values are inconsistent with the Commission's stated objectives. To ensure sustainable growth in the solar industry, the PD determines the successor tariff should result in a nine-year simple payback for solar-only systems. Yet, the Commission's own modeling finds the current glidepath results in much lower than nine-year payback period in 2024 and beyond.

II. SUMMARY OF RECOMMENDED CHANGES TO THE PROPOSED DECISION

The Commission should adopt the following changes to more effectively advance its energy, affordability and climate goals:

1. Eliminate the proposed glidepath for new successor tariff customers not enrolled in the California Alternative Rates for Energy (CARE) or Family Electric Rate Assistance Program (FERA) programs.

2. Address the inequities of the current tariff by adopting any of the following recommendations that minimize the cost shift from legacy customers to non-NEM customers.

    a. Immediately transition NEM 1.0 and 2.0 customers to an electrification rate.
    b. Reduce the legacy period for NEM 1.0 and 2.0 customer from 20 years to 15 years.
    c. Provide storage rebates to NEM 1.0 and 2.0 customers in exchange for moving to the successor tariff.
    d. Transition systems enrolled in NEM 1.0 and 2.0 tariffs to the successor tariff when the utility account holder changes.

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[7] FOF 64.

[8] Proposed Decision, at 142.

e. To improve transparency, order the investor-owned utilities (IOUs) to include a line item on residential customer bills that indicates the portion of each bill attributed to the NEM cost shift.

f. Require the Energy Division to publish an annual report on the costs avoided by rooftop solar customers.

III. DISCUSSION

A. The ALJ's Findings of Fact are Well-Founded and Based on Reliable Evidence Produced During these Proceedings

ALJ Hymes weighed the statutory requirements, guiding principles, equity, and cost-effectiveness of the current NEM tariffs. The PD's resulting Finding of Facts (FOF) and Conclusions of Law (COL) are properly based on a sound analysis of the facts presented in the proceeding record and the legal requirements to establish a successor tariff to NEM that better aligns "costs with the benefits."[9]

The evidence shows that the current NEM policies result in a significant cost shift to non-NEM customers.[10] The PD confirms this cost shift's deleterious effects on non-NEM customers and that NEM 2.0 is neither equitable nor cost-effective and discourages electrification. The following findings of fact (FOF)s correctly identify the urgency of reform and the need to balance competing priorities:

> FOF 4. The NEM 2.0 tariff negatively impacts non-participant ratepayers.
>
> FOF 7. The NEM 2.0 tariff disproportionately harms low-income customers.
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> FOF 14. The bypassed infrastructure and other service costs embedded in volumetric rates by NEM 2.0 participants over the course of the 20-year legacy period are shifted to non-participant ratepayers.
>
> FOF 19. Without changes to the current tariff structure, the financial burden on the shrinking pool of nonparticipants is unsustainable and would fall disproportionately on lower-income customers.

[9] FOF 88 and 93.

[10] FOF 213.

FOF 64. The magnitude and severity of the NEM 2.0 cost shift requires immediate action by the Commission.

FOF 70. Continuation of the existing cost shift feeds into higher electricity rates, which discourages the adoption of electrification measures.

B. The PD's Revisions Will Reduce Future Cost Shift Increases from New Successor Tariff Customers

The PD correctly concludes the "magnitude and severity of the NEM 2.0 cost shift requires immediate action by the Commission."[11] Indeed**,** the current structure effectively subsidizes rooftop solar owners through higher rates[12] paid by non-participating customers, which disproportionally impact lower-income customers.[13] The PD finds that basing retail export compensation rates on retail consumption rates has resulted in compensation levels 3.8 to 5.4 times higher than the benefits they provide to the electrical systems in the form of avoided costs.[14] Given that retail rates have increased between 15%-33% [15] since January 2020 and that the Commission's 2022 Senate Bill (SB) 695 report forecasts rate increases of 4.2%-6.8% through 2025, overcompensation to NEM customers is likely much higher.[16]

Given that the current rate-based incentive mechanism is unsustainable, the PD appropriately revises the export compensation rate to align with the avoided costs for successor tariff customers. This revision is necessary to meet the statutory requirement that the Commission sets costs and benefits of generation to be approximately equal.[17]

[11] FOF 64.

[12] Proposed Decision, at 17.

[13] Proposed Decision, at 54.

[14] FOF 89.

[15] Opening Comments of The Public Advocates Office on Administrative Law Judge's Ruling Setting Aside Submission of The Record to Take Comment on a Limited Basis, at 5.

[16] May 2022 SB 695 Report, at 13-14.

[17] FOF 93.

Additionally, the PD's requirement that successor NEM tariff customers enroll in electrification rates[18] will further enhance such benefits and incentives.[19] The combination of the electrification rate for on-site consumption, with export prices based on the value rooftop solar systems provide to the grid will send more accurate price signals to NEM 1.0 and 2.0 customers, and promote paired solar and storage systems.[20]

C. The ACC-Plus Glidepath is Not Necessary for Non-CARE/FERA Customers.

The Commission should limit the ACC-Plus glidepath to low-income customers, in recognition of the fact that these customers realize lower average bill savings per self-consumed kWh generated and have historically been shut out of the Distributed Energy Resources (DER) market.

The PD errs where it recommends an ACC-Plus glidepath for non-CARE/FERA residential stand-alone solar customers for Pacific Gas and Electric Company (PG&E) and Southern California Edison Company (SCE). This glidepath would provide an additional $/kWh adder for exported generation for customers who interconnect during the initial five years of the successor tariff.[21] The ACC-Plus adder is designed to result in a 9-year simple payback period[22] justified as "customer protection."[23] The adder would be locked in for a period of nine years for each eligible customer.[24]

The PD argues this glidepath provides a "balanced approach to ensuring customer-sited renewable distributed generation continues to grow sustainably. The glidepath for PG&E and SCE non-CARE/FERA customers is overly generous, unjustified and

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[18] Proposed Decision, at 153.

[19] FOF 178.

[20] FOF 91.

[21] The adder will decrease by 20 percent a year for eligible residential customers who have yet to enroll in the net billing tariff, as measured from the first-year adder until the adder reaches zero by the end of year five, PD, at 148.

[22] Proposed Decision, at 147.

[23] Proposed Decision, at 76.

[24] Proposed Decision, at 147.

unreasonable because the record shows that successor tariff customers with standalone solar PV systems will consistently achieve payback periods far ahead of the targeted nine years beginning in 2024, or after the first year of the adder.[25]

The PD developed its ACC-Plus adders to achieve a simple 9-year payback period for solar-only systems installed in 2023, and locks-in the adders for nine years even as rates increase. Simple payback periods determined by taking the cost of an average stand-alone solar system divided by the first-year bill savings cannot reasonably determine incentives for a nine-year incentive program.[26] This approach effectively assumes that retail rates, which form a large portion of the bill savings, will not increase over time. This defies past and projected trends in retail rate increases, a fact the PD concedes.[27] According to the Commission's 2022 SB 695 report, the average residential bundled rate has increased at an annual rate of about 7% for PG&E customers, 5% for SCE customers and 10% for San Diego Gas & Electric Company (SDG&E) customers since 2013.[28] Moreover, the same report forecasts rate increases at an annual rate of 6.8%, 4.2%, 6.4% for PG&E, SCE and SDG&E customers, respectively.[29] Therefore, even when factoring a conservative annual retail rate increase of 4%, non-CARE PG&E and SCE solar-only customers achieve payback periods of 6.94 years and 7.65 years respectively, well under the glidepath's targeted payback period of nine years.[30]

Once these solar-only systems are paid off, owners of rooftop solar (the household or owner of the solar-lease) will continue to generate increasing cash returns for the remaining useful life of their systems. Given that even a conservative annual rate escalation of 4% shows that reasonable payback periods may be achieved without an ACC-Plus adder, the PD should be revised to eliminate this glidepath proposal for

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[25] 7.65 years for SCE, explained further in the following section.

[26] Proposed Decision, at 78-79.

[27] Proposed Decision, at 79.

[28] SB 695 Report at 13.

[29] SB 695 Report at 13-14.

[30] Proposed Decision, at 147.

non-CARE/FERA customers in fairness to non-participating customers who must continue to pay an unsustainably growing subsidy to NEM 1.0 and 2.0 customers and successor tariff customers.

Lastly, if the Commission decides to move forward with a glidepath based on the simple payback period metric, the PD should be revised to annually recalibrate ACC-Plus values to include prevailing rate levels, distributed energy resource costs and other market factors to improve accuracy. For instance, if the successor tariff is online in 2024, the ACC-Plus values should be recalculated up or down to achieve the 9-year target payback period with updated rate forecasts in 2023. Updated rate inputs by that time could show that solar-only systems reach payback periods in less than nine years even when using the PD's simple payback metric. SCE is already anticipating an 8.30% increase in residential rates in 2023,[31] which is much larger than the 4.2% annual rate increase estimated in the SB 695 Report.[32] Similarly, PG&E is requesting a 20.7% revenue requirement increase in its General Rate Case Phase 1 proceeding.[33] It would be unreasonable to adopt the ACC-Plus targeting a nine-year payback period based on outdated rate inputs.

D. The PD's Failure to Address the Growing Cost Burden Created by Legacy NEM 1.0 and 2.0 Customers Will Continue to Pose Affordability Challenges and Frustrate Electrification

While the PD makes necessary reforms to the NEM tariff, it only applies these changes to new NEM successor tariff customers. The PD, therefore, only makes incremental progress towards reducing NEM's inequitable and unsustainable cost burden because it fails to address the cost shift caused by legacy NEM 1.0 and 2.0 customers,

[31] SCE Advice Letter 4904-E, at 28.

[32] SB 695 Report, at 13.

[33] PG&E's most recent testimony in A.21-06-021 (Sept 6, 2022 PGE-33), shows PG&E is requesting a $3,133,108,000 increase, which can be found in the table on page 5-AtchG-1. This is a 20.7% increase over January 1, 2023, present rate revenues of proposed in PG&E's preliminary annual electric true-up advice 6761-E ($3,133,108,000/$15,105,682,248). The January 1, 2023, proposed present rate revenues can be found in PG&E Advice Letter 6761-E, November 15, 2022, "Table 2: January 1, 2023 Revenue Requirements," at 6, line 93.

even though it has the authority to address these customers.[34] Indeed, the PD concedes that its suggested changes "do nothing to tackle existing cost shift but limit additional cost shift from new customers."[35] This failure will result in sustained upward pressure on rates, which will exacerbate an affordability problem and impede achievement of electrification and climate goals.

The reluctance to reform legacy customer tariffs contradicts the PD's focus on affordability and the PD's characterization of the current cost shift as being so severe that it requires immediate action.[36] Specifically, the PD states that, "[a]ffordability is front and center in this proceeding, given the finding that a significant and growing cost shift exists in the **previous** tariff and, to a lesser extent, remains in the adopted successor tariff."[37] Cal Advocates calculates that the cost shift from legacy customers grew to $4.6 billion in 2022. This exceeds the PD's highest estimate of $3.4 billion. Based on the IOUs' estimate that the cost shift comprises between 10% to 21%[38] of customers' bill, current NEM customers impose a cost between $16 and $34 on a non-CARE customer's average monthly bill today. This increase is attributed to the continued uptake of rooftop solar and retail rate compensation increases since the time parties first submitted cost shift estimates in 2020.

The PD's proposal takes no action on legacy NEM 1.0 and 2.0 tariffs[39] and will not provide associated rate relief to non-participant NEM customer. New successor NEM tariff customers will simultaneously add to the total cost shift, albeit at half the rate of legacy NEM tariff customers.[40] Cal Advocates estimates the PD's reforms will

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[34] Proposed Decision, at 183.

[35] Proposed Decision, at 180.

[36] FOF 64.

[37] Proposed Decision, at 4.

[38] Joint Opening Comments on The Administrative Law Judge's Ruling Setting Aside Submission of The Record, Table 1, at 2 dated June 10, 2022.

[39] Proposed Decision, at 184.

[40] While Cal Advocates estimates that the PD will reduce the annual cost shift from new customers by 54%.

incrementally reduce the annual cost shift[41] from $10 billion to $7.3 billion by 2030 (i.e., 26% reduction).[42] The cost shift from legacy NEM customers will continue to grow from $4.6 billion to $5.2 billion, which will constitute 71% of the projected $7.3 billion annual cost shift in 2030. This level of cost shift remains unsustainable and inequitable as it unfairly favors participants and has negative consequences for grid reliability, climate objectives, and non-participants in the form of higher rates.

Finally, the PD sidesteps the growing cost burden from legacy NEM customers in this proceeding by indicating it would be taken up in the Demand Flexibility Rulemaking (R.22-07-005) proceeding where income-based fixed charges reforms would likely be enacted.[43] However, sidestepping this issue conflicts with the PD's characterization of the NEM 2.0 cost shift as requiring immediate attention. Implementation of an income-based fixed charge is years away. While an income-based fixed charge is appropriate to address the inequitable manner that utilities currently collect fixed costs, it is not the correct tool to address the additive and growing cost shift imposed by NEM tariffs. An income-based fixed charge simply cannot be set at a high enough level to address the cost shift caused by the legacy NEM issue without itself creating new inequities. Cal Advocates estimates that an average fixed charge of $25/month would only reduce the retail rate compensation by roughly 20%. With retail rates already being 3.8 to 5.4 times greater than the benefits provided by rooftop solar systems in 2020, a fixed charge alone is inadequate in making meaningful reductions to the legacy NEM customers' cost shift.

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[41] Legacy plus successor tariff customers.

[42] Assuming retail rate escalation based on recent trends: 7% for PG&E, 5% for SCE and 10% for SDG&E. Cal Advocates previously used 4% for all three IOUs.

[43] Proposed Decision, at 184.

E. The PD Should be Revised to Adopt Cal Advocate's Recommendations to Further Reduce the Cost Shift on Non-NEM Participants

The Commission should take immediate actions to mitigate this continued burden on non-NEM participants. Continuing to allow legacy NEM 1.0 and 2.0 participants to benefit from use of the grid without paying their fair share of costs would inequitably perpetuate the ongoing wealth transfer from NEM to non-NEM customers and impede attainment of electrification and overall climate goals. Therefore, the Commission should adopt the following recommendations for legacy NEM customer treatment. Any number of these recommendations may be adopted simultaneously. Adoption of more of the following recommendations would result in higher cost shift reductions.

1. Immediately transition legacy NEM 1.0 and 2.0 customers to an electrification rate.
2. Reduce the legacy period from 20 years to 15 years.
3. Provide storage rebates to legacy customers in exchange for moving to the successor tariff.
4. Transition legacy NEM utility account holders to the successor tariff when the NEM utility account holder changes.

1. Immediately transition legacy customers to electrification rates.

The Commission should immediately move legacy customers to the same electrification rates the PD has adopted for the successor tariff.[44] This would send improved price signals to existing NEM customers for their consumption and exported energy while still allowing for extremely short payback periods. Transitioning customers to the electrification rates would reduce the cost shift by compensating rooftop solar production (and charging customers for using electricity from the grid) with rates closer to actual costs and benefits. This solution would continue to allow exports to be compensated at a retail rate through the end of their legacy periods. Cal Advocates

[44] OP 2, section c.

estimates that simply transitioning legacy customers to electrification rates would reduce the overall cost shift by 14%.

2. Reduce the legacy period from 20 years to no more than 15 years.

The Commission should shorten the legacy period from 20 years to no more than 15 years for NEM 1.0 and 2.0 customers to alleviate the cost burden and inequity non-participants currently endure. The current legacy period of 20 years allows legacy customers to export rooftop solar production to the grid at above market rates for far too long. The magnitude of the cost shift observed by legacy systems today will persist through at least the late 2030s because the average legacy system was installed in 2017.

Reducing the legacy period from the current 20 years would not result in financial injury to NEM 2.0 customers because payback periods for these customers are between 3 to 8 years.[45] By shortening the legacy period, the Commission would still allow system owners to have their systems pay for themselves multiple times over while taking steps to address the inequities identified in the PD.

3. Offer energy storage grants to encourage legacy solar-only customers to opt-into the successor tariff.

Rooftop solar paired with storage is more valuable than standalone solar systems to California's grid. Yet, they only make up a small percentage of NEM customers: only 6% of NEM interconnections in 2019 were paired systems.[46] One reason is the NEM 1.0 and 2.0 incentive structure discourages them. Unlike the proposed successor tariff, legacy programs compensate exports on a uniform basis and eliminate arbitrage opportunities enabled by storage.[47]

The proposed successor tariff does not incentivize the adoption of paired solar and energy storage systems. The PD also acknowledges that continuing to encourage the

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[45] Cal Advocates Opening Brief, at 26.

[46] Lookback Study, at 27. Figure 3-4.

[47] FOF 91. Basing retail export compensation rates on Avoided Cost Calculator values sends more accurate price signals and promotes paired storage.

adoption of stand-alone solar systems (via the proposed glidepath) "conflicts with the objective of encouraging the adoption of solar paired with storage systems."[48] Future Commission energy storage incentive program funding, such as those allocated through Assembly Bill (AB) 209[49] under consideration with the Self Generation Incentive Program,[50] should focus on retrofitting NEM 1.0 and 2.0 solar-only systems with storage. Legacy customers should only be able to access storage incentives if they move to the successor tariff and have at least 5 years left in their legacy periods to ensure non-participants benefit. Installing and programming energy storage to discharge when the grid needs more support,[51] and moving legacy customers to the successor tariff would significantly reduce the cost shift from these customers. Energy storage can be readily programmed to discharge at specific times, for example in response to higher ACC export rates. The ability to maximize the value paired storage could provide customers and the grid can be enabled using technologies readily available today.[52]

Using the installed battery costs in the PD model and a 30% storage grant program to move legacy customers to the successor tariff, every existing solar-only NEM 1.0 and 2.0 system could be retrofitted with 2-hour storage for $4 billion.[53] The cost to provide such an incentive would be offset by even higher benefits to the grid. Compared to a scenario with no incentive to transition customers to the successor tariff, Cal Advocates estimates the net cost shift would be reduced by more than $1 billion a year on average over 10 years.

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[48] Proposed Decision, at 145.

[49] https://ebudget.ca.gov/2022-BudgetAddendum.pdf at 5-6.

[50] *See* Assigned Commissioner's Ruling Seeking Comments On Improving Self-Generation Incentive Program Equity Outcomes And Assembly Bill 209 Implementation (R.20-05-012).

[51] FOF 82. The addition of storage provides greater benefits to both the customer and the grid as compared to the benefits of a stand-alone solar system.

[52] https://www.sunrun.com/go-solar-center/solar-terms/definition/time-of-use

[53] Based on $2065/kW of storage.

4. Transition systems enrolled in legacy NEM tariffs to the successor tariff when the utility account holder changes.

When the sale of a home with a NEM 1.0 or 2.0 enrolled system occurs under current rules, the buyer is eligible to adopt the seller's original tariff.[54] The buyer did not install the solar system and should not be allowed to adopt the legacy tariff for the remainder of the original twenty-year legacy period. Instead, buyers should be transitioned to the successor tariff. This reform would meaningfully reduce the cost shift because most homeowners live in their homes for less than twenty years. This recommendation is consistent with the PD's requirement that links the adopted successor tariff glidepath.[55]

Furthermore, systems installed under third-party ownership would be unaffected. Typical lease provisions allow the leaseholder to require payment of the remaining system balance upon sale of the home.[56] This would allow investors of bundled lease arrangements to be made whole.

F. The Commission should require a NEM "cost adder" on nonparticipating customer' bills to improve transparency.

The Commission should require the IOUs to include a line item on residential customer bills that indicates the portion of the bill attributable to the subsidy for rooftop solar customers. Utility bills currently do not provide this transparency, despite the cost shift from NEM participants being multiple times larger than several other cost components that are currently listed as line items on non-NEM customers' bills such as the wildfire fund, public purpose program charges (e.g., CARE),[57] and the nuclear decommissioning charge. Since the PD already requires an ACC-Plus adder to be

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[54] Net Energy Metering 2 Program Introduction (pge.com).

[55] Proposed Decision, at 156.

[56] California Solar Consumer Protection Guide 2021, at 15.

[57] Exhibit Cal Advocates-03, at 2-32. "The overall annual NEM cost burden ($3.37 billion) is more than double the total funding that the CARE program provides as bill discounts to low income CARE program participants each year ($1.3 billion)." These cost shift figures were derived using 2020 rate levels.

included as "a discrete line on the customer's utility bill,"[58] non-NEM customers should similarly see a breakout of their bill attributable to supporting the NEM programs. Inclusion of this information will improve transparency by providing customers with more information on the various cost components of their bills. In doing so, the IOUs may include a description of how such costs are incurred and their purpose. The IOUs have already estimated that the NEM cost shift comprises between 10%-21% of a customer's bill.[59] The IOUs can use such analysis to breakout the relevant expenses in non-NEM customers' bills attributed to the overall NEM program and annually update the analysis.

G. The Commission should direct the Energy Division to provide annual updates of the NEM cost shift.

The PD states that the Commission intends to collect three years of data after implementation of the successor tariff to examine affordability, equity, grid benefits and battery dispatch trends. The PD anticipates a draft evaluation within five years.[60] Cal Advocates does not oppose this evaluation plan but also recommends that the Energy Division track and report cost shifting on an annual basis. Specifically, legacy NEM cost and successor tariff cost shifting should be tracked and monitored going forward to understand how such amounts change over time. These updates could enable parties to assess how rate increases and other rate design changes[61] impact the NEM cost shift. To this end, the Commission should direct Energy Division to annually report on cost shift amounts and their drivers in the SB 695 Report. The SB 695 Report addresses utility costs and rate increased and the NEM cost shift should be included as a key driver of ongoing utility rate increases.

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[58] Proposed Decision, at 219.

[59] Joint Opening Comments on The Administrative Law Judge's Ruling Setting Aside Submission of The Record, Table 1, at 2 dated June 10, 2022.

[60] Proposed Decision, at 189.

[61] E.g., imposition of a fixed charge, removal of the HUC and changing TOU price differentials.

IV. CONCLUSION

For the reasons stated here, Cal Advocates' proposed changes to the PD should be adopted.

Respectfully submitted,

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November 30, 2022

APPENDIX

Proposed Changes to the Proposed Decision's Findings of Fact and Ordering Paragraph

Additions to the PD are indicated in underline, deletions are indicated in ~~strikeout~~ text.

Findings of Fact Modifications

55. A ~~simple~~ payback metric **which includes retail rate escalation** is the most transparent and consumer-friendly metric to determine the number of years to payback.
56. A target of a nine-year ~~simple~~ payback period for a stand-alone solar system presents a balanced approach to promoting the adoption of solar systems paired with storage.

63. Inclusion of a glide path **for low income customers** is essential to balance the multiple requirements the tariff should meet.

66. A five-year glide path **for low income customers** provides a balanced approach that allows for sustainable market growth that does not occur at the undue and burdensome financial expense of nonparticipant ratepayers.

67. A five-year glide path **for low income customers** minimizes any cost shift to ensure equity among all customers and allow the industry to transition to one that promotes the adoption of solar systems paired with storage

~~150. Limiting the glide path to a small subset of customers would not ensure customer-sited renewable distribution generation continues to grow sustainably.~~

New: Providing a cost breakdown of non-NEM customer's bills attributable to NEM improves transparency.

Conclusion of Law Modifications

9. The Commission should consider monthly bill savings and a ~~simple~~ payback period target of nine years for a stand-alone solar system as part of the successor tariff.

11. The Commission should adopt a five-year glide path **for low income customers** as part of the successor tariff to minimize the cost shift, to ensure equity among all customers, and also to encourage the sustainable growth of the market, but not at the undue and burdensome financial expense of nonparticipant ratepayers.

31. The Commission should adopt a ratepayer-funded, stepped-down ACC Plus glide path that is available to ~~all~~ **low income** successor tariff customers who enroll in the tariff over the next five years.

51. The Commission should ~~not~~ revise the NEM 1.0 or NEM 2.0 tariffs.

New: The Commission should transition NEM 1.0 and NEM 2.0 customers to electrification tariffs.

New: The Commission should reduce the legacy periods for residential NEM 1.0 and NEM 2.0 customers from 20 years to 15 years.

New: The Commission should require a breakout of costs attributable to the NEM cost shift on non-NEM customers' bills.

Ordering Paragraph

New Ordering Paragraphs
PG&E, SCE, and SDG&E will transition all legacy NEM customers to electrification tariffs as soon as practicable.

PG&E, SCE and SDG&E shall submit informational advice letters at the beginning of each calendar year quantification of the NEM cost shift from all NEM customers.

PG&E, SCE and SDG&E shall include a line item on residential customer bills that indicates the portion of each bill attributed to the NEM cost shift no later than June, 2024.