

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

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

Rulemaking 20-08-020
(Filed August 27, 2020)

**REPLY COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE ON
THE JOINT ASSIGNED COMMISSIONER'S SCOPING MEMO AND
ADMINISTRATIVE LAW JUDGE RULING DIRECTING COMMENTS ON
PROPOSED GUIDING PRINCIPLES**

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In accordance with the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”) hereby submits these reply comments on the *Joint Assigned Commissioner’s Scoping Memo and Administrative Law Judge Ruling Directing Comments on Proposed Guiding Principles* (“Ruling”), issued by the Joint Commissioners on November 19, 2020.

I. INTRODUCTION.

CESA generally supports the guiding principles proposed in the Ruling. As guiding principles, the Commission has appropriately proposed principles for the development of the successor Net Energy Metering (“NEM”) tariff that are high level and generalizable to provide flexibility to balance multiple objectives. Due to our broad support, CESA did not submit opening comments but finds a need herein to respond to other parties’ comments and recommendations on the proposed guiding principles. Specifically, CESA offers the following reply comments:

- An approximate balance between costs and benefits is appropriate in development a successor tariff.

- The Commission should aim to maximize the value of NEM systems by enabling multiple-use applications.
- Reasonable stability and transitions are necessary and are appropriately reflected in the proposed guiding principles.

II. AN APPROXIMATE BALANCE BETWEEN COSTS AND BENEFITS IS APPROPRIATE IN DEVELOPING A SUCCESSOR TARIFF.

The Ruling proposes to ensure that the total benefits to all customers and the electrical system are approximately equal to or greater than the total costs and also ensure that customer-sited renewable generation continues to grow sustainably among different types of customers and throughout California’s diverse and disadvantaged communities. In response, Coalition of California Utility Employees (“CUE”), among some others, recommend that a strict threshold be set to ensure that the successor tariff has a cost-effectiveness score above 1.0.¹ CESA disagrees and believes that the Ruling’s proposed guiding principle reasonable focuses on an *approximate* balance of costs and benefits. This flexibility is necessary considering other competing objectives and goals of the successor NEM tariff, including the importance of ensuring sustainable growth of NEM resources in line with broader policies.

III. THE COMMISSION SHOULD AIM TO MAXIMIZE THE VALUE OF NEM SYSTEMS BY ENABLING MULTIPLE-USE APPLICATIONS.

CESA supports the Ruling’s “maximize value” principle for customer-sited renewable generation. NEM systems have been identified by the Commission as a near-term solution to address urgent resiliency needs in the face of wildfire risks and Public Safety Power Shut-offs

¹ CUE comments at 5-6.

(“PSPS”)² as well as to provide capacity in the form of virtual power plants.³ However, The Utility Reform Network (“TURN”) recommends that the NEM successor tariff incorporate price signals and dispatch requirements to maximize benefits in accordance with this proposed guiding principle.⁴ First, guiding principles should not prescribe the specific means by which the principle will be met, such as through dispatch requirements, which may contravene other goals and/or would fall outside the scope of the purpose of the NEM tariff. Second, the NEM tariff is not a contract for specific grid services where such price signals or dispatch requirements could be established. Instead, to help NEM systems maximize value, the Commission should maintain the general guiding principle and seek to meet this principle by clarifying when and how NEM systems can provide multiple uses, such as through clarifying incrementality rules to address questions about double compensation, or refining the sizing, charging, or other rules to enable priority use cases including customer resiliency. By creating pathways and clarity for NEM systems to pursue other revenue streams and grid-service opportunities as well as important customer needs (*e.g.*, resiliency), the Commission will be able to create a NEM tariff that maximizes the value of NEM resources.

IV. REASONABLE STABILITY AND TRANSITIONS ARE NECESSARY AND ARE APPROPRIATELY REFLECTED IN THE PROPOSED GUIDING PRINCIPLES.

To avoid disruptive impacts to customer investments in distributed generation and storage, CESA supports the proposed guiding principle to provide regulatory certainty. As a result, reasonable transition periods or glidepaths should be explored, and the Commission should not

² See tariff modernization proposals adopted in the Microgrid Track 1 Decision (D.20-06-017) in R.19-09-009. <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M340/K748/340748922.PDF>

³ See, *e.g.*, “EBCE Launches First-of-its-kind Home Battery Backup Program,” East Bay Community Energy press release on July 30, 2020. <https://ebce.org/news-and-events/ebce-launches-first-of-its-kind-home-battery-backup-program/>

⁴ TURN comments at 9-10.

rush the development of a NEM successor tariff, as Public Advocates Office recommends.⁵ The NEM successor tariff resulting from this proceeding should be stable and sustainable for a reasonable amount of time to encourage investments in distributed generation and storage, where a rushed process to develop one leads to risks that these tariffs will need to be revisited in short order.

V. CONCLUSION.

CESA appreciates the opportunity to these reply comments on the Ruling and looks forward to working with the Commission and other stakeholders in this proceeding.

Respectfully submitted,



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⁵ PAO comments at 8.