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 THE GREENLINING INSTITUTE ON PROPOSALS FOR A NET ENERGY METERING SUCCESSOR TARIFF FOR DISADVANTAGED COMMUNITIES

STEPHANIE C. CHEN
Energy & Telecommunications Policy Director
The Greenlining Institute
1918 University Ave., 2nd Floor
Berkeley, CA 94704
Telephone: (510) 898-0506
Fax: (510) 926-4010
Email: stephaniec@greenlining.org

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1) Introduction

In response to the California Public Utilities Commission's (CPUC or Commission) June 4, 2015 *Administrative Law Judge Ruling (1) Accepting into the Record Energy Division Staff Papers on the AB 327 Successor Tariff or Contract; (2) Seeking Party Proposals for the Successor Tariff or Contract; (3) Setting a Partial Schedule for Further Activities in this Proceeding* and the June 23, 2015 *Assigned Commissioner's Ruling Granting in Part the Motion of The Alliance for Solar Choice and Revising Procedural Schedule*, and to Opening Comments filed on September 1, 2015, The Greenlining Institute (Greenlining) respectfully submits the following reply comments.

2) A Suite of Alternatives Will Ensure Equitable Access

Greenlining reiterates its support for a suite of DAC alternatives, rather than a single option.[1] A suite of alternatives will help to ensure that all households in disadvantaged communities, however they are defined, will have an option that is reasonably within reach, if they choose to make the investment. In their opening comments, no parties argued that there should only be one DAC alternative, and most parties expressed at least conditional support for at least one proposal other than their own. As such, the

[1] Greenlining Opening Comments, pp. 8-9.

Commission should seek to adopt a suite of DAC alternatives, subject to the parameters described below and in set forth in Greenlining's Opening Comments.

3) A Multi-Prong Definition of "Disadvantaged Communities" Will Ensure Equitable Access and Promote Growth

Greenlining reiterates its support for the multi-prong definition of disadvantaged communities offered by Grid Alternatives.[2] This definition should include, but should not be limited to, the CalEnviroScreen-defined disadvantaged communities.[3] However, while disadvantage in terms of access to solar is often geographically concentrated, it is not limited by geography. Other factors, primarily related to income, should be included in the definition to ensure that all communities currently at a disadvantage in their ability to access solar have at least one feasible option in the suite of DAC alternatives.

Greenlining appreciates IREC's consideration of consistency across programs, specifically between the DAC alternatives being considered here and the Green Tariff Shared Renewables (GTSR) program.[4] In that program, disadvantaged communities are defined by CES alone. Here, the Commission should adopt a more expansive definition of disadvantaged communities.

SB 43, which codified the GTSR program, required that disadvantaged communities be defined by the California Environmental Protection Agency, which it does through the CES.[5] AB 327 did not specify how disadvantaged communities should be defined, and as such did not place on this proceeding the same restriction SB 43 places on the GTSR program.[6] As such, the Commission is not restricted to the CES-defined disadvantaged communities in this proceeding.

Further, the primary purpose for defining disadvantaged communities in the GTSR program is to determine where to site projects under the Enhanced Community

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[2] Grid Alternatives Proposal, p. 8; Greenlining Opening Comments, pp. 3-4.
[3] We note that most parties support using the CES as either the sole means, or as one means of several, to define disadvantaged communities. ORA is the most notable exception (see ORA Proposal, p. A-34).
[4] IREC Opening Comments, p. 10.
[5] Ca. Pub. Util. Code § 2833(d)(1)(A).
[6] Ca. Pub. Util. Code § 2827.1(b)(1).

Renewables option.[7] It is used to identify geographic areas rather than types of customers, and customers living in disadvantaged communities receive no direct consumer benefits as a result of where they live. Here, the test is used to identify customers who are at a disadvantage in their ability to access the benefits of solar, in order to equitably distribute direct customer benefits. As such, the definition should consider all of the major factors that put customers at a disadvantage in their ability to access solar, which includes – but is not limited to – communities identified as disadvantaged by the CES.

Defining disadvantaged communities exclusively by the CES would also have the unintended consequence of leaving out many customers who are disadvantaged in their access to solar and live in rural areas outside the San Joaquin Valley and Inland Empire, as well as in the Bay Area and other coastal communities.[8] While it is true that these customers do not bear the same devastating health and economic impacts created by pollution, they are still at a disadvantage in their ability to go solar, primarily due to income.

4) Disadvantaged Communities Alternatives Must Include Opportunities for Moderate Income Households

In its Opening Comments, PG&E argues that low income and CARE customers should have access to SASH, MASH, and its proposed Solar CARE program, and implies that these programs alone are sufficient to bring solar equity to low income communities.[9] Under PG&E's proposal, customers who do not income-qualify for these limited opportunities would have the standard tariff and the GTSR program as their only solar options. However, many moderate income customers are not suitable candidates for the standard tariff, due to property ownership, financial, structural, and other barriers identified in this proceeding. The GTSR is not feasible for many moderate income households because it is currently more expensive than standard rates.

PG&E's proposal seems to assume that everyone who does not qualify for CARE, SASH, or MASH is capable of accessing solar. This binary perspective on wealth

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[7] D.15-01-051, pp. 51-54.
[8] *See* Brightline Opening Comments, pp. 4-6.
[9] PG&E Opening Comments, p. 79.

inequality simply does not track with reality, and should be rejected. The CARE income guidelines are not a clear demarcation point between families that are struggling and families that are doing fine. In considering which customers are at a disadvantage in their access to solar in today's market, the Commission must recognize that many moderate income customers – particularly renters – should have at least one option that could allow them to go solar if they so choose.

In our Opening Comments, Greenlining proposed that some kind of income cap should apply to new DAC alternatives adopted in this proceeding, but that it should be something higher than the existing low income programs eligibility guidelines.[10] Greenlining submits that the benefits of these DAC alternatives should go to low and moderate income households, who are currently at a disadvantage in their ability to go solar, and not to wealthier customers living in geographically-defined disadvantaged communities. These customers could afford to go solar via the standard tariff or the GTSR, and should not become "free riders" in the DAC alternatives.[11]

Greenlining clarifies that this proposal for moderate income eligibility should not apply to existing or proposed low income programs, most notably SASH, MASH, and CleanCARE. In order to ensure that the final suite of solar alternatives contains an affordable option for everyone, the suite should contain both programs focused on low income customers and programs focused on moderate income customers, in addition to the standard tariff and the GTSR program. Even if the Commission chooses not to specify different incentives or alternatives designed for moderate income families, it must take into consideration the needs of moderate income households and design options that work for them.

Greenlining suggests that determining eligibility for multi-family buildings under a moderate income guideline might be done by property value or rental price per unit, rather than by tenants' income, as a proxy for determining whether the building primarily houses moderate income customers. In this concept, properties with high market value or those that rent at above-market rates would not be eligible as moderate income buildings.

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[10] Greenlining Opening Comments, pp. 5-6.
[11] Sierra Club also expresses this concern, in its Opening Comments at p. 18.

5) Utility Ownership Should Be Limited and Strategically Focused

The question of whether third party or utility ownership results in better pricing for customers remains hotly debated. Greenlining does not oppose a limited amount of utility owned generation among the DAC alternatives, so long as 1) the utility owned options serve customers who would not otherwise be served by the rest of the options in the suite, and 2) the suite of options leaves ample room for third party ownership and for growth in the solar market serving disadvantaged customers. Intentionally balancing the portfolio will help to ensure that utility ownership does not impede competition in the market, and also ensure that customers who would not otherwise be served by the market still have options.

6) Alternatives Must Properly Value Local Distributed Generation in Disadvantaged Communities, for the Benefit of Disadvantaged Customers

As is the case regarding the standard tariff proposals, the value of solar or the rate to be paid out to customer generators (including VNEM subscribers) is also hotly debated. Many parties have proposed that the rate be calculated based on the value of distributed energy generation, rather than on the avoided retail price of energy. Greenlining submits that if the rate is calculated based on value of distributed energy generation rather than the avoided retail price, the DAC alternatives should still use a rate higher than the standard tariff. The DAC alternatives are intended to bring the long-term financial benefits of solar to the families that need it the most, and who are least able under current market conditions to take advantage. As the Commission determines the value of distributed energy generation for purposes of determining the DAC alternative tariff, it should afford additional value to the generation for being located in, and delivering its benefits to, disadvantaged communities.

7) Greenlining Supports a Crediting Mechanism Separate from the Retail Consumption Rate

TURN proposes to provide a bill credit for energy generated, separate from the customer's retail consumption rate.[12] TURN cites several reasons for separate credit and consumption rates, including more accurate valuation of the energy generated, more accurate price signals to consumers, and greater long term financial certainty. Greenlining agrees with TURN's rationale, and would support DAC alternatives that use separate credit and consumption rates rather than traditional net metering. Greenlining further submits that separating the generation price from the consumption price may make consumer education easier, and may make it harder for customers to be misled as to the relative costs and benefits of the alternatives in question.

8) Disadvantaged Community Alternatives Must Include Paid Job Training Opportunities and Specific Supplier Diversity Goals

Finally, Greenlining reiterates its support for paid job training opportunities for workers and trainees in disadvantaged communities, for each project installed through one of the DAC alternatives.[13] While Greenlining would always support a more aggressive standard, we submit that it would be relatively simple as well as consistent to apply the MASH and SASH job training requirements set forth in D.15-01-027 to the alternatives adopted in this proceeding.[14] Ensuring paid job training opportunities for workers and trainees who live in disadvantaged communities will help to guarantee the economic benefits of local distributed generation by improving job opportunities in the communities that need them the most.[15]

Greenlining also reiterates its support for supplier diversity goals for projects built under the DAC alternatives.[16] Supplier diversity goals specific to the DAC alternatives will similarly help to ensure that the local economic benefits of these projects accrue to the disadvantaged communities in which they are located. As we stated in our Opening Comments, each utility's goal should contain a sub-goal for contracting with diverse businesses located in disadvantaged communities, as defined in this proceeding.

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[12] TURN Opening Comments, pp. 14-15.
[13] Greenlining Opening Comments, p. 13.
[14] D.15-01-027, pp. 20-23.
[15] CEJA details the job creation potential and ensuing economic benefits of local hiring for solar projects sited in disadvantaged communities, in its Opening Comments at p. 16.
[16] Greenlining Opening Comments, pp. 13-14.

9) Conclusion

By ordering the Commission to consider alternatives designed to promote solar adoption and growth in disadvantaged communities, AB 327 created a significant opportunity to bring greater equity to California's solar market. This opportunity could create meaningful economic opportunities and deliver real benefits to consumers that need them the most. The Commission should adopt a set of DAC alternatives that expand the solar landscape in disadvantaged communities in the same way as the California Solar Initiative expanded the state's solar market overall.

Respectfully submitted,

/s/ Stephanie C. Chen

STEPHANIE C. CHEN
Energy & Telecommunications Policy Director
The Greenlining Institute
1918 University Ave., 2nd Floor
Berkeley, CA 94704
Telephone: (510) 898-0506
Fax: (510) 926-4010
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