

BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA



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9-01-15
04:59 PM

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)

**OPENING COMMENTS OF THE GREENLINING INSTITUTE ON PROPOSALS
FOR A NET ENERGY METERING SUCCESSOR TARIFF FOR
DISADVANTAGED COMMUNITIES**

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Dated: September 1, 2015

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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*, The Greenlining Institute (Greenlining) respectfully submits the following comments.

Greenlining's comments focus predominantly on the proposals for disadvantaged community alternatives (DAC alternatives), but include limited general comment regarding the standard tariff proposals in Section II, below. In Section III, Greenlining offers comments in response to the issues identified in the June 4th ALJ Ruling for discussion in each DAC alternative proposal. In Section IV, Greenlining provides comments on key policy issues the Commission should consider and adopt as part of its full suite of DAC alternatives. In Section V, Greenlining comments on some, but not all, of the individual DAC alternative proposals. Greenlining may elect to comment on other proposals in its reply comments.

Greenlining appreciates the thoughtful diversity of proposals submitted for DAC alternatives, and looks forward to the opportunity to further evaluate them with proceeding stakeholders. Greenlining looks forward to the opportunity to design innovative programs that will promote year-over-year growth in solar adoption among California's disadvantaged communities.

2) The Commission Should Design the Standard NEM Successor With Moderate Income Communities in Mind

Greenlining hopes the Commission will adopt a robust set of DAC alternatives that will bring the benefits of solar adoption to customers in those communities, however they may be defined. While Greenlining does not provide specific comments on the standard NEM successor tariff/contract proposals, Greenlining does urge the Commission to consider equity issues as it assesses those proposals as well. Many moderate income households living outside of disadvantaged communities will not have access to the alternatives being developed here. The Green Tariff Shared Renewables programs authorized in D.15-01-051 offer solar access at a premium, making participation difficult for moderate income families. The Commission needs to design a standard NEM successor tariff/contract that is more likely to promote solar adoption among moderate income families.

Of note, while CARE customers were insulated from sharing the cost of the California Solar Initiative (CSI), moderate income customers who have paid into CSI have not yet been able to enjoy the benefits it promised. Chief among them were the benefits of market transformation – CSI intends to stimulate the rooftop solar market so that prices would drop and solar would become more affordable.¹ Now that CSI is nearing conclusion and prices have dropped, setting the NEM successor tariff/contract rate at a level that would once again put solar adoption far out of reach of moderate income households would be highly inequitable and contradictory to the policy goal behind CSI.

One way the Commission can ensure equitable access to solar adoption through the standard NEM successor tariff is to consider allowing neighborhood or community

¹ See D.06-01-024, p. 4.

virtual net metering (VNEM) for all customers who live within a certain reasonable distance from the shared solar site. Unlike the Energy Division Staff’s Proposal (Staff Proposal) for Neighborhood VNM,² which Greenlining discusses below, Greenlining asserts it should be available to all customers. A significant portion of the moderate income customers Greenlining is concerned about live in multi-family buildings or rent single-family homes, making it impossible for them to go solar on-site even if they can afford it. In recognition of this, Greenlining urges the Commission to consider making VNEM available to customers in California, both in and outside of disadvantaged communities.

3) Comments Addressing the ALJ’s Questions for DAC Alternatives

The June 4th ALJ Ruling, in requesting DAC alternative proposals, instructed parties to include several issues in their proposals.³ In this section, Greenlining provides general comments on these issues as addressed in the various proposals.

a. The Commission Should Adopt a Broad but Focused Definition of Disadvantaged Communities.

Parties submitting proposals provided several options for defining disadvantaged communities, as it is used in §2827.1(b)(1). All proposals except ORA’s use the CalEnviroScreen tool (CES) in some way, which was designed by the California Environmental Protection Agency. Parties propose different ways to apply the tool, and many parties offer additional criteria in addition to the CES.

Among the various proposed definitions of “disadvantaged communities,” Greenlining supports Grid Alternatives’ broad definition, which includes four components:

- 1) All households residing in Public Utilities Code §2852-compliant restricted affordable housing;
- 2) All CARE-eligible customers;
- 3) Customers located in the top 25% of disadvantaged communities as determined by the CES, as applied only to IOU service territories; and

² Staff Proposal, p. 2-12.

³ ALJ Ruling, June 4, 2015, pp. 10-12.

- 4) All economically distressed communities as defined through the Internal Revenue Service’s Qualified Census Tracts (QCTs) and federally-designated Empowerment Zones, Enterprise Communities, and Target Employment Areas.⁴

The communities identified as disadvantaged by the CES are vitally important investment targets. The Staff Proposal notes that only 6% of the solar installed across the IOU service territories statewide is located in disadvantaged communities, defined as the top 25% most impacted communities in the CES.⁵ As such, Greenlining asserts that the CES results should be one of the defining criteria for disadvantaged communities in this context, especially given the extremely low levels of solar penetration in these communities.

However, Greenlining urges the Commission to define disadvantaged communities in a manner that is appropriate for the context – in this case, communities at a systemic disadvantage in their ability to adopt solar and reap its benefits. These “communities” are multi-faceted, and are by no means limited to the CES-identified areas. As such, Greenlining supports Grid’s more inclusive definition of disadvantaged communities for this purpose.

1) The CalEnviroScreen Portion of the “Disadvantaged Communities” Definition Should Focus Only on IOU Territories

Greenlining further agrees with Grid⁶ and SDG&E⁷ that the determination of DACs according to the CES should be done within the boundaries of the IOU service territories. The CES maps do not take utility service territory boundaries into account, and parties estimate that approximately half of the population living in the top 25% most impacted communities do not live in IOU service territories.⁸ Little value is gained in this proceeding by deeming customers of Sacramento Municipal Utility District, Los Angeles Department of Water and Power, and the Imperial Irrigation District “eligible” for programs provided by IOUs, and in so doing leave out IOU customers who would

⁴ Grid Alternatives’ Proposal, p. 8

⁵ Staff Proposal, p. 2-7.

⁶ Grid Alternatives Proposal, pp. 10-12.

⁷ SDG&E Proposal, p. B-11.

⁸ See, for example, Grid Alternatives Proposal, p. 10.

otherwise be eligible for them. As such, Greenlining agrees that this factor of the DAC definition should be the top 25% most impacted communities *within each IOU's service territory*, as defined by the CES.

2) Some Type of Income Qualification May Be Appropriate for Disadvantaged Community Alternatives

Many parties propose some type of income limit for participation in the DAC alternatives. For example, parties supporting an Incentive Enhancement for certain customers typically limit participation to SASH and MASH eligible customers and buildings.⁹ Grid Alternatives asserts that an income cap is appropriate, though it does not suggest a specific cap to adopt.¹⁰ PG&E proposes to limit participation in its Solar CARE program to CARE customers within disadvantaged communities as defined by CES.¹¹ SDG&E proposes an income cap on its Schools Program, but not on its Multi-Family Program.¹²

Greenlining agrees that an income limitation of some kind may be an appropriate feature of the final definition of “disadvantaged communities.” However, if the Commission adopts an income qualification, it should first conduct a study of the barriers to solar adoption faced by households at various income levels to determine what limit would be appropriate in this context. Undoubtedly the CARE, MASH, and SASH eligible populations are “disadvantaged” in terms of their ability to access the benefits of renewable distributed generation, but households just above the CARE income threshold may also experience significant barriers, ones that current market trends are unlikely to eliminate any time soon. To the extent that this assertion is correct, in designing its menu of DAC alternatives the Commission must take into account the customers who have more moderate incomes but are still “disadvantaged” in their ability to adopt solar.

In particular, the Commission should pay attention to the significant trends toward displacement and gentrification going on in many (mostly urban) communities across California. Some type of appropriately-set income qualification for participating in the

⁹ Staff Proposal, p. 2-17;

¹⁰ Grid Alternatives Proposal, pp. 2-3.

¹¹ PG&E Proposal, p. 56.

¹² SDG&E Proposal, pp. B-3, B-9.

DAC alternatives will help to ensure that the benefits of these alternatives go to low- and moderate-income customers, and not to higher-income customers who are moving into previously low- and moderate-income neighborhoods. Greenlining believes that this kind of focus is consistent with the legislative intent behind AB 327.

b. Barriers to Solar Participation in Disadvantaged Communities

Greenlining does not offer any general comments at this time regarding the barriers to solar participation presented in the various proposals. Greenlining does provide comment on how well certain proposals overcome certain barriers, in its discussion of individual proposals in Section V, below.

c. Greenlining Recommends A Simple Yet Intentional Definition of “Growth” of Solar in Disadvantaged Communities

All parties concur that growth in disadvantaged communities does not have to be “sustainable” in the same manner as does the standard NEM successor tariff/contract.¹³ However, parties’ proposals differed in how they would define “growth” in disadvantaged communities. For example, the Staff Proposal would define “growth” as an increase in total capacity installed in disadvantaged communities over the year before.¹⁴ Interstate Renewable Energy Council (IREC) and the Joint Solar Parties (Solar Energy Industries Association, or SEIA, and Vote Solar) would define “growth” as 30% more installed capacity in disadvantaged communities than the year before.¹⁵

Greenlining agrees with Staff and other parties who assert that growth should be defined simply as more solar capacity in disadvantaged communities than there was the year before. Greenlining notes that after a period of three to five years, the Commission may have a better sense for adoption rates in disadvantaged communities, particularly as some of the proposed alternatives are implemented and begin to reduce barriers to adoption. At that point the Commission may find it appropriate to consider a specific growth target, similar to the 30% benchmark offered by IREC and the Solar Parties.

¹³ Ca. Pub. Util. Code §2827.1(b)(1)

¹⁴ Staff Proposal, pp. 2-7 and 2-8.

¹⁵ IREC Proposal, p. 9; Solar Parties Proposal, pp. iv-v.

Further, Greenlining submits that the definition of “growth” in disadvantaged communities should encompass growth across sectors. The goal of the suite of DAC alternatives should be to promote greater solar investment in disadvantaged communities by utilities, customers, communities, and third parties. For this reason, Greenlining opposes SDG&E’s definition of “growth” as being an increase in the amount of capacity *installed by SDG&E* in disadvantaged communities in its service territory.¹⁶

Moreover, Greenlining asserts that “growth” of customer sited renewable generation in disadvantaged communities should mean more than simply more solar at one fixed point in time than there was at another, earlier fixed point in time. As such, Greenlining also opposes SDG&E’s definition of “growth” as being simply more capacity installed in disadvantaged communities than there was before the DAC alternatives were implemented.¹⁷ While Greenlining agrees that “growth” in disadvantaged communities is not subject to the same sustainability requirement as the standard NEM successor, Greenlining asserts that “growth” implies continued progress in a specified direction. If the broader goal of this portion of the proceeding is to bring equity to solar access in California, the mechanisms available to customers in disadvantaged communities should be able to continue in perpetuity to at least some degree, as appropriate to remedy the current inequity. As such, Greenlining prefers a definition that promotes year-over-year growth, rather than simply “more than there was before.”

Greenlining notes that some of the proposals are better suited to sustained growth than others. It is not necessary for all of the programs in the suite of DAC alternatives to provide for sustained growth, but as a matter of policy at least one of them should. Disadvantaged communities, regardless of how they are defined, should have more options for going solar than a couple of limited programs with limited benefit, when it is possible to design options that can sustain growth in the long term.

Finally, Greenlining opposes PG&E’s definition of growth as being more solar adopted *by CARE customers* in disadvantaged communities.¹⁸ As discussed above in Sections II and III(a)(ii), the CARE income guideline is not a clear line in the proverbial

¹⁶ SDG&E Proposal, p. B-28

¹⁷ *Id.*

¹⁸ PG&E Proposal, p. 65.

sand between families that are struggling and families that are doing well. The CARE income guideline should never be interpreted to imply that families not enrolled in CARE are not struggling, and do not face many or all of the barriers identified in the various proposals. While it is important to promote growth in solar adoption among CARE customers, it is equally important to promote growth among moderate-income customers.

d. Applicability of §2827.1(b) Criteria for Costs and Benefits

Section 2827.1(b) requires that the standard NEM successor be based on the costs and benefits of the renewable generation facility,¹⁹ and further requires that the successor's total benefits to all customers and to the electric system must approximately equal its total cost.²⁰ In their proposals, no party argued that these requirements should apply to the DAC alternatives. Greenlining agrees.

4) The Commission Should Adopt Several Broad Policies Applicable to All DAC Alternatives

In this section, Greenlining discusses several broad policies that the Commission should apply to any and all DAC alternatives it chooses to adopt.

a. The Commission Should Adopt a Suite of Alternatives Designed for Disadvantaged Communities

No matter how the Commission eventually defines “disadvantaged communities,” no one of the DAC alternative proposals will serve the needs of all customers in those communities. Some proposals are limited in size, and many have restrictive eligibility criteria. Some provide more benefits than others, while some offer more flexible levels of participation than others. Additionally, some of the proposals naturally complement each other. For example, Neighborhood VNM (as amended by Greenlining, below) would be an excellent complement to SASH and MASH,²¹ since it targets the same customer base in terms of geography and income, but eliminates the property structural

¹⁹ Ca. Pub. Util. Code §2827.1(b)(3).

²⁰ Ca. Pub. Util. Code §2827.1(b)(4).

²¹ Assuming that there is a project accepting subscribers in the customer's census tract.

barrier that many otherwise MASH-eligible properties face. It also benefits single family renters, who are ineligible for either program.

Similarly, some households will not be good candidates for CleanCARE because their usage is relatively low. For these households, an option that delivers benefits at all usage levels, either by design (as in SDG&E's proposals) or by offering participants flexible levels of participation (Neighborhood VNM), allows this customer access without creating an incentive to use more in order to be solar-eligible.

As Commission assesses each proposal, it should note which customers in disadvantaged communities will be unable to participate in the proposal in question (renters, moderate income, etc.) and ask whether there is another option in the proposed suite of programs that would be available to that kind of customer. In this way, the Commission can ensure that its full suite of options addresses as many barriers as possible.

b. The Suite of Disadvantaged Communities Alternatives Should Be Consistent Across Utility Service Territories

The Commission should adopt the same suite of DAC alternatives across each utility's service territory, so that all customers have equal access to each of the alternatives.

c. Disadvantaged Community Alternatives Should Use Full Retail NEM

Greenlining agrees with Grid Alternatives and IREC that the DAC alternatives should use the full retail rate to value the NEM credit.²² To the extent that using the customer's average retail rate may unfairly devalue energy generated by lower usage customers as compared to higher usage customers,²³ Greenlining suggests that using the system average retail rate, or the average retail rate for that customer's census tract, may be more appropriate and fair.

Full retail NEM was California's policy choice when we sought to promote growth in the broader consumer market, through the CSI. Continuing it here in the sectors in which

²² Grid Alternatives Proposal, p. 2; IREC Proposal, p. 2.

²³ See CEJA Proposal, pp. 5-6.

California now seeks to promote growth is consistent, promising, and appropriate. Especially for low and moderate income customers, household decisions are disproportionately driven by the family's bottom line – customers will invest in solar if they will save money by doing so.²⁴ This decision-making process is no different than that of the vast majority of customers who took advantage CSI to help them invest in solar, and it is all the more important for budget-constrained customers. Wealthier customers, particularly those who took advantage of CSI, have benefitted financially from their investment, thanks in large part to NEM policy set by this Commission. It is now time to make those benefits available more equitably across California customers.

d. Projects Built Under the Disadvantaged Community Alternatives Should be Located in the Communities They Serve

Siting renewable distributed generation projects in the communities they serve creates real, valuable co-benefits in the host communities, including local jobs, educational opportunities, increased property value, and a sense of investment in communities often overlooked by policymakers, all of which contribute to an invaluable increase in neighborhood pride. Greenlining urges that all DAC alternatives should require projects to be sited in disadvantaged communities, however that term may be defined.

e. Overcome Marketing, Outreach, and Language Barriers By Going Local

Greenlining agrees with the California Environmental Justice Alliance's (CEJA) assessment of the significant marketing, outreach, and language barriers that exist in disadvantaged communities.²⁵ While Greenlining advocates for a more expansive definition of disadvantaged communities than CEJA's proposed definition, Greenlining submits that CEJA's assessment is likely to apply in significant part to the other segments of Greenlining's preferred definition as well.

Greenlining further notes that the utilities are often not ideally suited to reach underserved communities, regardless of how these communities are defined, due to the trust, language, and cultural barriers CEJA's proposal describes. A third-party

²⁴ See Grid Alternatives Proposal, p. 5

²⁵ CEJA Proposal, pp. 23-25.

organization charged with conducting marketing, outreach, and engagement in target communities may prove more successful at educating and enrolling eligible customers. As many parties note, trust is critical to engaging customers, and many customers trust certain third parties more than they trust utilities.

In disadvantaged communities, again regardless of definition, those trusted organizations may be very local, unique to a particular town or county, or a certain community within those areas. As Greenlining and others have stated many times before, real partnerships with trusted community based organizations (CBOs) will help ensure that eligible customers know about and enroll in the programs for which they are eligible. Greenlining notes that this makes community and shared solar projects in which the host is a CBO or other trusted local institution particularly promising, because those entities already have a base of recognition and trust in the community, which will make recruiting subscribers much easier and faster.

As such, models for third party coordination of marketing, education and outreach could involve a third party administrator that works with a network of CBOs, or the utility working exclusively or predominantly with CBOs and local networks to recruit participants.²⁶ To the extent that the Commission relies on CBOs to help with marketing and recruiting program participants, the Commission must provide for sufficient funding for the organizations to succeed in their role.

f. The Commission Should Provide for a Consumer Advocate to Help Customers Evaluate Options and Protect Against Predatory Lending

Grid Alternatives asserts that customers in disadvantaged communities need a consumer advocate whose purpose is to help the customer maximize his or her benefits.²⁷ Greenlining agrees and asserts that the Commission should require the identification of a

²⁶ For example, SDG&E's proposals would target multi-family building owners through relevant trade associations, then follow up with direct education for tenants of enrolled buildings. *See* SDG&E Proposal, p. B-15.

²⁷ Grid Alternatives Proposal, p. 14.

consumer advocate (or advocates, if appropriate) for any proposal in which the customer's money or credit is invested or potentially at risk.²⁸ The sheer multitude of rate and ownership models available in today's solar market can be intimidating to customers, especially those who may be considering solar for the first time through these alternatives. Even if the customer's viable options are only limited to the suite of DAC alternatives, customers would greatly benefit from access to a trusted, neutral third-party who could explain the options and answer any questions in a way that does not pressure the customer toward one choice or another.

Further, Greenlining notes that disadvantaged communities, however defined, have historically been – and continue to be – subject to predatory lending at alarming rates. In programs involving third party financing, building owners as well as residential customers may become targets for subprime solar loans if the programs do not contain adequate consumer protections. Greenlining urges the Commission to include consumer protections that ensure customers receive only fair financial products, and are not pressured into any particular offering.

To the extent that the Commission elects to use community based organizations to serve as consumer advocates, which Greenlining supports, we urge the Commission to provide sufficient resources for training and serving in this role. Consumer advocates can only succeed to the extent they have sufficient means to do so.

If the Commission chooses to have a third party coordinate marketing, education and outreach, as discussed above, the same entity and network could conceivably serve as the consumer advocate, provided that the Commission receives adequate assurances that this dual responsibility would not create a conflict of interest for the entity/ies. For example, the entity cannot have any financial interest in, or preference for, any one program over another, or a particular developer over another. The consumer advocate must provide unbiased advice in the best interest of the customer, above all else. Assuming the Commission receives satisfactory assurances, the dual role of outreach and consumer advocate could make participation easier, because the customer would have one point of contact for all of his or her questions, rather than being bounced back and forth between

²⁸ This would include all of the programs Greenlining supports for inclusion in the suite of DAC alternatives, in Section V, below.

the marketing agent and the consumer advocate. This single point of contact would also promote trust, which could be leveraged to explore other “green” options for which the customer might be a good candidate.

g. Each of Disadvantaged Community Alternatives Should Include Paid Job Creation Commitments

Currently, contractors who install solar under the SASH and MASH programs must hire at least one student or graduate of a job training program for at least one full day of paid work on each SASH/MASH installation performed.²⁹ Greenlining urges that the same standard apply to all DAC alternatives as well. To the extent that “disadvantaged communities” are defined geographically, using the CES, Greenlining submits that the students and graduates contemplated in this requirement should also be residents of disadvantaged communities.

h. Each of the Disadvantaged Community Alternatives Should Include a Supplier Diversity Goal

The Commission’s General Order 156 sets forth supplier diversity goals for each of the regulated utilities that will eventually offer the DAC alternatives being considered here. Specifically, GO 156 sets good-faith goals of 15% of a utility’s contracting with minority owned businesses, 5% with women owned businesses, and 1.5% with service disabled veteran owned businesses. An LGBT category was added in 2014 with the passage of AB 1678 (Gordon),³⁰ but a goal will not be set for that category for another five years. In addition to these goals, most of which the electric utilities have surpassed years ago, each utility has set for itself an internal goal for its own progress.

Supplier diversity goals can help to ensure that local diverse businesses can participate in the economic growth stimulated when the utilities contract out for goods or services. It is a natural fit for alternatives intended in part to deliver local economic benefits to disadvantaged communities, since this is the goal of supplier diversity programs as well.

²⁹ See D.15-01-027, pp. 20-23.

³⁰ Ca. Pub. Util. Code §§8281 – 8286.

As such, the Commission should request from the utilities a meaningful supplier diversity goal for each of the programs proposed for inclusion in the suite of DAC alternatives. Each program's supplier diversity goal should include a sub-goal for contracting with businesses located in disadvantaged communities, as defined in this proceeding.

5) Comments on Individual Proposals

In this section, Greenlining provides comment on select individual DAC alternative proposals. Greenlining does not comment on every aspect of every proposal, but rather here notes highlights of its analysis, in addition to more general policy points described above in Section 3.

a. Staff Proposal

1) Summary

On June 4th, 2015, Energy Division staff offered two proposals for DAC alternatives, Neighborhood VNM (N-VNM) and Incentive Enhancements to the Standard NEM Successor Tariff/Contract. Under N-VNM, a host customer would install a solar system that serves some onsite and some offsite load, the latter of which would be available to residential customer subscribers in the same disadvantaged community, census tract and utility service territory as the host customer. Credits would be allocated to subscribing customers via the standard NEM successor tariff/contract.³¹ The Incentive Enhancements proposal would provide low income customers in disadvantaged communities with upfront incentives to go solar, with net metering credits being returned to the customer at the standard NEM successor rate.³² Essentially, this proposal would extend SASH and MASH with additional funding and a directive to focus in disadvantaged communities.

2) Neighborhood VNM

Greenlining believes that Neighborhood VNM is a promising model, particularly in its flexibility.³³ Communities could design the investment model that works best for them, based on the specific host customer and community to be served. In considering

³¹ Staff Proposal, p. 2-12.

³² *Id.* at p. 2-16.

³³ *Id.* at p. 2-13 – 2-14.

how to implement N-VNM or a similar model, the Commission must consider what return on investment will be required to promote growth. To this end, Greenlining advocates for up-front incentives for certain kinds of host customers (public entities like schools or libraries, CBOs, affordable housing owners, etc.) and/or by providing full retail NEM credit to N-VNM subscribers in disadvantaged communities.³⁴ No matter how they are eventually defined, disadvantaged communities are not wealthy communities, and potential hosts and subscribers must have both the incentive and the financial means to invest in solar.

Greenlining notes that projects involving a community-based host are likely to be highly efficient to market and enroll subscribers, because the host will already have name recognition and trust in the community of potential subscribers. Additionally, Greenlining notes that N-VNM does not seem to contemplate a limit on the number of subscribers per system, based on the system's size.³⁵ Greenlining notes that if too many subscribers are permitted to enroll, each share of the credits would become too low to justify investing. Greenlining recommends that Staff contemplate a limit on the number of subscribers per kW or MW, or alternately, on the amount of capacity each customer can subscribe to, in order to preserve meaningful benefits for participating customers.

3) Incentive Enhancements

Greenlining supports the Incentive Enhancement proposal, which is essentially a proposal to extend SASH and MASH beyond their current funding limits and program terms.³⁶ SASH and MASH have experienced some challenges but have ultimately proven successful at delivering customer savings and local economic development benefits to low income customers across California. Grid Alternatives, as a program administrator, has additionally succeeded in securing philanthropic funding to cover unmet upfront costs that eligible customers cannot afford to pay themselves. Grid has

³⁴ As discussed above, Greenlining supports allowing Neighborhood VNM at the standard NEM successor rate for all communities, with an enhanced full retail rate for customers in disadvantaged communities.

³⁵ SDG&E's Schools Program, for example, limits shares to 2 kW/subscriber.

³⁶ Other parties, including TURN, have proposed similar structures.

also created a successful training-to-workforce pipeline program, which it complements with job placement assistance and hiring agreements with private installers, which help ensure that trainees can get paying jobs after their volunteer experience with Grid. The SASH and MASH programs have come to serve a valuable niche in the California solar market, providing access to the customers who would be least able to go solar without this kind of assistance.

However, the programs are extremely limited in their scope, even with proposed expansions. By itself, the Incentive Enhancements proposal and others like it will add more solar to disadvantaged communities, but they will not promote sustained there because they serve a limited segment of the community and require substantial outside funding. In order to satisfy statutory requirement to promote growth in disadvantaged communities,³⁷ Incentive Enhancements should be included in the suite of DAC alternatives, but should not be the only option.

b. Grid Alternatives

Grid Alternatives proposes to retain full retail NEM for customers in disadvantaged communities,³⁸ and proposes a multi-factor definition of disadvantaged communities, such that a customer that satisfies any one of the categories qualifies for the DAC alternatives.³⁹ Grid also proposes an income limitation,⁴⁰ such that a customer who may otherwise satisfy one of the DAC defining criteria (residence in one of the most impacted communities according to the CES, for example) would only be able to participate in the DAC alternatives if the household also met the income requirement. Grid proposes that the Commission adopt a suite of programs designed to collectively address the multiple barriers to participation customers in disadvantaged communities face.⁴¹

Greenlining supports many of Grid's proposals, including its broad definition of disadvantaged communities, as discussed above. Greenlining also supports Grid's

³⁷ Ca. Pub. Util. Code §2827.1(b)(1).

³⁸ Grid Alternatives Proposal, p. 2.

³⁹ *Id.* at pp. 8, 12.

⁴⁰ *Id.* at p. 8.

⁴¹ *Id.* at p.2.

proposal to apply the CalEnviroScreen only to IOU service territories.⁴² Greenlining agrees that an income cap may be appropriate for DAC alternatives, although Greenlining advocates for a higher income cap than Grid proposes. As discussed above, Greenlining also supports Grid's proposed definition of solar growth in disadvantaged communities, and its positions regarding full retail NEM for disadvantaged communities, the need for a consumer advocate, and the need for a suite of options designed to address as many barriers to participation as possible.

c. San Diego Gas & Electric (SDG&E)

1) Summary

SDG&E proposes two virtual net metering programs as its DAC proposal, Multi-Family Solar Share (MF Program) and Solar at Schools (Schools Program), with a combined budget total of \$50 million for the 5 year programs.⁴³ Under each program, SDG&E proposes to lease the roof or other suitable space for \$5/kW/month and install a properly sized utility owned solar system free of charge to the building owner.⁴⁴ Tenants (in the MF Program) and subscribers (in the Schools Program) would receive bill credits at the system average commodity rate for power generated by their share of the project. The building owner would also receive a limited share of credits generated by the system.⁴⁵ The building owner could request one uninstallation and reinstallation of the system free of charge during the 20 year life of the contract, to allow for roof work, etc.⁴⁶ SDG&E proposes to limit subscribership in the Schools Program to low income customers, while the MF Program does not have an income cap to participate.⁴⁷ SDG&E seeks approval of its DAC proposal in the instant proceeding,⁴⁸ though it does not explain the urgency.

⁴² *Id.* at pp. 10-12. SDG&E also proposes the same, at p. B-11.

⁴³ SDG&E Proposal, p. B-4.

⁴⁴ *Id.* at pp. B-2, B-4.

⁴⁵ *Id.* at pp. B-2 – B-3.

⁴⁶ *Id.* at pp. B-2, B-4.

⁴⁷ *Id.* at pp. B-9 – B-11.

⁴⁸ *Id.* at p. B-5.

2) It Is Procedurally Improper to Request a Revenue Requirement in This Proceeding

The Commission's Rules of Practice and Procedure, specifically Rule 6.1, defines a rulemaking proceeding, and the definition does not include consideration of the revenue increase and associated issues that SDG&E requests regarding its proposal.⁴⁹ Further, the ALJ's Ruling inviting proposals does not contemplate an application of the kind SDG&E proposes here. Finally, it does not appear that the "applicant" filed proof of compliance with Rules 3.2(b), (c), and (d), as required by section (e) of that Rule, which presumably indicates it did not comply with the notice requirements themselves. For all of the foregoing reasons, it is not procedurally proper to consider SDG&E's request for a revenue requirement in this proceeding.

However, as a proposal, Greenlining supports SDG&E's programs for providing comprehensive solutions to all of the identified barriers to participation. Greenlining further appreciates that SDG&E's own proposal constitutes a small suite of options, such that customers who are ineligible for SASH, MASH, or the MF Program could enroll in the Schools Program if there is a participating school in their census tract. Greenlining provides limited suggestions for amendments below, but generally supports including both the MF Program and the Schools Program in the suite of DAC alternatives, made available across all three IOU service territories.

3) An Income Cap of Some Kind May Be Appropriate for the Multi-Family Program

SDG&E proposes an income cap for participation in the Schools Program, using the same definition as the SASH and MASH program, but it does not propose an income cap for the MF Program.⁵⁰ Greenlining recommends that an income cap, as discussed above in Section (3)(a)(2), may be appropriate for the MF program as well.

While the MF Program would be restricted to disadvantaged communities as defined by the CES, many of those communities are in areas currently experiencing rapid and

⁴⁹ Rule 6.1 specifies that rulemakings are appropriate "(a) to adopt, repeal, or amend rules, regulations, and guidelines for a class of public utilities or of other regulated entities; (b) to amend the Commission's Rules of Practice and Procedure; or (c) to modify prior Commission decisions which were adopted by rulemaking."

⁵⁰ SDG&E Proposal, pp. B-9 – B-11.

widespread gentrification. Thousands of low income people, who are disproportionately people of color, are being displaced from the neighborhoods where they and their parents grew up because their landlords are raising their rents in response to overheated property markets. If the MF Program is available to all income levels, it could be an incredibly attractive incentive for a developer looking to make a big profit by building luxury housing in “up and coming” neighborhoods. Greenlining does not believe this is SDG&E’s intent, and urges that the program be modified to ensure that the benefits are delivered to low and moderate income families, and to the building owners from whom they rent.

To be sure, even with an income cap there would be no guarantee that the building owner would not raise rents on existing tenants after making the solar investment, but Greenlining submits that this possibility should not prevent us from bringing the benefits of solar to these customers.

4) The Proposed Incentives for Building Owners May Be Excessive

SDG&E’s proposals depend on fairly generous annual lease payments to building owners, to incentivize participation. Greenlining supports these payments at the proposed level in the Schools Program, given the significant funding deficits faced by public schools in disadvantaged communities, and supports them at the proposed level for the MF Program only if an income cap is placed on eligibility, as described above. If an income cap is not applied, then Greenlining offers the following comments on the lease payments proposed in the MF Program.

SDG&E does not provide any supporting rationale for the proposed lease price of \$5.00/kW/month. It is not clear whether SDG&E conducted any market research to determine whether a lower price might still entice building owners to participate, especially given the proposal to provide credits for common area usage and for one free system uninstallation/reinstallation during the 20 year contract. If a lower lease price would serve equally well as a participation incentive for building owners, the unused funds could be used to provide access to more customers. Should the Commission approve SDG&E’s proposal as part of a suite of DAC alternatives, the Commission

should determine the appropriate incentive package, including lease price, share of NEM credits, and additional service benefits in order to ensure full program subscription at the lowest cost.

It may be that more substantial incentive packages are required and appropriate for some types of multi-family buildings, but not for others. For example, below market rate housing that does not meet MASH criteria might warrant a more robust participation incentive, including annual lease payments and net metering credit.

5) Comments on Siting and Program Administration

With respect to project siting, SDG&E reserves the right to choose to carports or other non-rooftop systems at certain sites under the MF Program,⁵¹ but it does not offer the same under the Schools Program. Greenlining wonders whether the same degree of flexibility might be appropriate for the Schools Program as well.

With respect to program administration, SDG&E proposes to own the systems deployed under its DAC proposals, but contract out for materials, installation, etc.⁵² It proposes to conduct a competitive solicitation for bids from solar developers.⁵³ To the extent that it does, Greenlining submits that it should set forth a supplier diversity goal for to the program that contains a sub-goal for contractors based in disadvantaged communities, as discussed above. The programs should also contain job creation commitments, as discussed above.

6) Program Evaluation Should Include Metrics on Low Income Multi-Family Buildings

As discussed above, Greenlining disagrees with SDG&E's proposed definition of "growth" in solar adoption in disadvantaged communities. Greenlining notes that SDG&E's proposals, taken by themselves, would not satisfy Greenlining's definition of growth, because they have no means of continuation without an additional allocation of new funding. However, Greenlining proposes that its definition of growth be applied to

⁵¹ SDG&E Proposal, p. B-12

⁵² *Id.* at p. B-19.

⁵³ *Id.* at p. B-13.

the full suite of DAC alternatives. Under our proposal, SDG&E’s individual proposals would not need to satisfy our “growth” definition if there were other programs in the suite that did.

SDG&E proposes semi-annual reporting on a list of relevant indicators of the programs’ success.⁵⁴ In addition to the metrics SDG&E proposes, Greenlining also suggests reporting on the number of MF Program applications received, approved, and installed as part of the 25% reservation for buildings in which 20% of the tenants are low income as defined by the MASH program.⁵⁵

d. Interstate Renewable Energy Council (IREC)

1) Summary

IREC proposes CleanCARE as its DAC alternative. CleanCARE would allow participating CARE customers to essentially divert the CARE assistance funds they would otherwise receive as bill credits toward the purchase of shares in a renewable generation project located in a disadvantaged community.⁵⁶ Customers would be charged for usage at the standard residential rate, but would receive credits for energy generated, valued at the full retail rate.⁵⁷ The amount of these credits would equal or exceed the value of the discount the customer otherwise would have received on CARE. IREC envisions a fund as part of the program that would be used to ensure that customers do not pay more on CleanCARE than they would have on CARE.⁵⁸ IREC implies that customers for whom this promise of savings could not be delivered would not be suitable candidates for CleanCARE.⁵⁹ CleanCARE is proposed as a 5 MW pilot, but IREC proposes it could be expanded if successful, and include other technologies such as energy efficiency, storage, and demand response.⁶⁰

⁵⁴ *Id.* at p. B-29.

⁵⁵ *Id.* at p. B-10.

⁵⁶ IREC Proposal, p. 3.

⁵⁷ *Id.* at p. 2, and Attachment 1, p. 8.

⁵⁸ *Id.* at p. 3.

⁵⁹ *Id.* at Attachment 1, p. 8.

⁶⁰ *Id.* at pp. 3-4

With minimal amendment, Greenlining supports CleanCARE as a pilot and looks forward to seeing its results. Greenlining commends IREC for thinking creatively about how best to support low income customers, and for consulting extensively and thoughtfully with interested stakeholders in the development of its proposal.

2) An Adder to Reflect Distribution Costs Is Unnecessary in the CleanCARE Pilot

First and foremost, Greenlining asserts that the bill guarantee mechanism, which would ensure that CleanCARE customers do not pay more than they would have if they had remained on CARE, is vital to CleanCARE's success. Greenlining looks forward to further developing the bill guarantee mechanism through this proceeding.

Greenlining agrees that participating customers should be credited at the full retail rate. At one point IREC's proposal suggests that the rate could include an adder to the all-in cost of CleanCARE generation to reflect distribution costs.⁶¹ Greenlining submits that such an adder is not necessary from a policy perspective, because CleanCARE customers will still pay approximately as much as they would have on CARE. As such, the impact on distribution costs would be negligible. Even to the extent that some customers do save more on CleanCARE, and thus pay less than they otherwise would have, in this pilot the impact of that small segment of an already small group of participating customers would likely be unnoticeable. Conceivably, if the program becomes permanent and significant numbers of enrolled customers save more than they would have on CARE, it may be appropriate at that point to consider an adder, but one does not seem necessary in this pilot.

3) CleanCARE Customers Should Remain Subject to CARE Rules and Requirements

IREC notes that CleanCARE customers would "still be considered part of the CARE program"⁶² for purposes of the utilities' CARE enrollment rates. IREC does not address

⁶¹ IREC Proposal, Attachment 1, p. 6.

⁶² *Id.* at p. 15.

other aspects of CARE customer status, including program recertification requirements,⁶³ post enrollment verification requirements,⁶⁴ high usage restrictions,⁶⁵ etc. The Commission should clarify, or seek clarification from IREC, that CleanCARE customers remain subject to the same rules and requirements as regular CARE customers.

4) CleanCARE Enrollment Should Be Simple for Both the Customer and the Program Administrator

IREC proposes two possible mechanisms for enrolling customers in a manner that ensures customers will receive equal or lower bills, one based on a monthly assessment of each customer's usage and the second based on an annual assessment. IREC notes that it is still seeking input on these and other possible enrollment options.⁶⁶

Of the two options IREC proposes, Greenlining prefers Option 2 over Option 1. From an administrative perspective, annual enrollment seems more streamlined and easier to administer, even given the need to true-up some customers' bills to maintain the savings guarantee. From a customer perspective, Option 1 seems to leave open the possibility that some customers will bounce back and forth between eligible and ineligible from month to month, which would be hard for the customer to understand and manage, and ultimately sour the customer's opinion of CleanCARE.

5) CleanCARE Developer Selection Criteria Should Promote Local Economic Development

IREC proposes that the CleanCARE developer would be chosen through competitive bidding process conducted by the utility.⁶⁷ IREC does not specify whether it contemplates a single developer or multiple developers, but Greenlining submits that multiple developers will be better suited to the sheer breadth of geographic areas that

⁶³ See D.12-08-044, p. 201, noting that the IOUs require CARE participants to re-certify their eligibility for the program every four years for customers on fixed incomes, and every two years for customers with other sources of income.

⁶⁴ See D.12-08-044, Section 4.4.2, discussing Post Enrollment Verification for CARE customers.

⁶⁵ See D.12-08-044, p. 17.

⁶⁶ IREC Proposal, Attachment A, p. 8

⁶⁷ *Id.* at p. 3

would be eligible for CleanCARE. Further, CleanCARE should include supplier diversity goals as discussed above, including a sub-goal to use contractors based in disadvantaged communities. Greenlining also submits that CleanCARE should contain a job creation commitment as discussed above. Finally, Greenlining notes that in this scenario the utility must act as a consumer advocate, ensuring that it selects the developers that will offer the best pricing and service to the subscribing customers.

6) It Is Appropriate to Use CARE to Fund Some, But Not All, of CleanCARE's Proposed Costs

Greenlining agrees it is appropriate to fund the bill credits – which essentially replace the customer's CARE discount – from the CARE fund,⁶⁸ but asserts that it is not appropriate to pay for CleanCARE's marketing from the CARE fund. Greenlining agrees that CleanCARE marketing should be coordinated with marketing for other low income programs, for maximum efficiency. However, especially in pilot form CleanCARE is separate from CARE, and will require a separate marketing effort that seeks to engage customers on an entirely different and brand-new program that is fundamentally a NEM program. Though it targets the same CARE customers and seeks to provide them with the same (or better) benefits, from a marketing perspective it is a NEM program for CARE customers, and it should be funded as such.⁶⁹

Conceivably, should the program succeed as a pilot and eventually become an established, ongoing component of the CARE program, such that the programs really can be marketed together, it may then be appropriate to pay for CleanCARE marketing from CARE funds. However, for the time being it is more appropriate to fund CleanCARE marketing from NEM-specific sources. It should be noted that removing marketing costs as a permissible use of CARE funds allows those funds to go toward providing direct customer benefit.

e. Pacific Gas & Electric (PG&E)

⁶⁸ IREC Proposal, pp. 11-12.

⁶⁹ To the extent that program administration may differ in the same manner, it may be appropriate to fund all or part of those costs from a NEM-specific source as well.

PG&E proposes Solar CARE, in which PG&E would provide 100% of enrolled customers' usage from local renewable DG projects. The program would be a 3-year, 28 MW pilot initially, available to CARE customers in DACs in PG&E's service territory. Customers would remain on the CARE rate and would not pay anything additional to participate.⁷⁰ Customers would not receive a bill credit, and the program does not incorporate virtual net metering, which PG&E opposes.⁷¹

First, PG&E's proposal is not a NEM proposal. It does not allow participating customers to participate in net energy metering and its benefits. AB 327 directs that the Commission consider proposals for the NEM standard tariff or contract, and "include specific alternatives designed for growth among residential customers in disadvantaged communities."⁷² This directive is in a provision that is exclusively focused on NEM, which clearly indicates that the legislature intended these DAC proposals would include a NEM component. As such, while this might be a promising way to engaging low income customers in other utility-owned generation projects, it is not a DAC alternative proposal as contemplated by AB 327.

Further, Greenlining notes a significant inconsistency between PG&E's standard and DAC proposals, in the way PG&E values and proposes to distribute the benefits of NEM. In its standard proposal it proposes to credit NEM customers for exported energy at the generation component of their rate, which does not accord any value to the several co-benefits of local renewable distributed generation.⁷³ Yet its DAC proposal denies net metering bill credits to participating customers, and instead delivers *only* the co-benefits of local renewable DG (assuming that PG&E designs the program specifically to deliver those benefits, which as proposed it does not).

Moreover, PG&E's proposal, like SDG&E's, does not actually promote growth or provide the conditions necessary for growth, rather it simply adds more solar to disadvantaged communities.

⁷⁰ PG&E Proposal, pp. 56-57.

⁷¹ *Id.* at p. 29

⁷² Ca. Pub. Util. Code §2827.1(b)(1).

⁷³ PG&E Proposal, p. i.

Greenlining credits PG&E for the manner in which it proposes to engage customers to participate in the program.⁷⁴ PG&E’s proposal for engagement is highly community focused and coordinates with other programs available to the same households, to maximize efficiency and allow the customers to understand all the options available to them.

However, on balance Greenlining does not support including Solar CARE in the suite of DAC alternatives. It is not an alternative as contemplated by AB 327 because it does not allow customers to participate in net metering. While Greenlining supports PG&E applying this “subscriber” model to other utility owned generation it may be contemplating for future development, it is not appropriate for this context.

f. Southern California Edison (Edison)

Edison proposes enhanced incentives in a manner very similar to Staff Proposal Option 2, to be available only to low income customers.⁷⁵ It also proposes virtual net metering for any multi-family building in DACs, at the standard NEM credit rate.⁷⁶ Edison would provide a higher incentive to property owners who allocate credits to the tenants.⁷⁷ Finally, Edison proposes that the Commission continue to explore Community Solar.⁷⁸

Greenlining supports Edison’s proposal to make virtual net metering available to all multi-family buildings in its disadvantaged communities. However, Greenlining urges that customers be credited at the full retail rate in order to promote growth of solar adoption in disadvantaged communities, as discussed above.

To the extent that Edison’s proposal for enhanced incentives closely resembles the Staff Proposal and others, Greenlining reiterates its relevant comments here. With these modifications, Greenlining would support both of Edison’s proposals as part of the suite of DAC alternatives.

⁷⁴ PG&E Proposal, pp. 59-60.

⁷⁵ Edison Proposal, pp. 48-49.

⁷⁶ *Id.* at 49.

⁷⁷ *Id.*

⁷⁸ *Id.* at 51-52.

6) Conclusion

Greenlining looks forward to the continued opportunity to provide feedback on the DAC alternative proposals, and urges the Commission to take an expansive approach to this opportunity, to create options strategically designed to close California's solar divide.

Respectfully submitted,

/s/ Stephanie C. Chen

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Dated: September 1, 2015