

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 NET ENERGY METERING ALTERNATIVES FOR DISADVANTAGED
COMMUNITIES**

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1) Introduction

Pursuant to the California Public Utilities Commission’s (“CPUC” or “Commission”) March 14, 2017 *Administrative Law Judge Ruling Seeking Updated Proposals and Comments on Alternatives for Disadvantaged Communities (“Ruling”)*, The Greenlining Institute (“Greenlining”) respectfully submits the following replies to comments filed by several parties on May 26, 2017.

Greenlining is pleased to see a majority of parties support a broad suite of alternatives for solar growth in disadvantaged communities. Greenlining resubmits its belief that diverse, holistic and finely tailored alternatives will collectively bring the greatest benefits from and growth in solar in these communities. Greenlining urges the Commission to support alternatives that remove the several barriers facing disadvantaged communities, including but not limited to financial barriers. At the same time, Greenlining discourages imposing new financial barriers on low-income customers already facing economic hardships. Given the timing of this proceeding and the Commission’s plans to re-examine its solar rate structure in 2019, Greenlining encourages the Commission to view these alternatives as pilot projects that generate both direct benefits and experience to better inform future policies for solar growth. Greenlining requests the Commission specifically incentivize co-benefits from renewable generation in selected alternatives.

2) The Commission Should Adopt the Consensus of Interested Parties on Approving a Suite of DAC Alternatives.

Greenlining happily reports that ten out of fourteen comments on proposals in this proceeding expressly stated support for more than one alternative.¹ Greenlining interprets this consensus as even more reason for the Commission to adopt several and varied alternatives. As many parties commenting on individual proposals argued, each alternative cannot and does not perfectly remove all barriers faced by low-income and disadvantaged communities.² However, instead of purging a proposal altogether for failing to redress every barrier, Greenlining encourages the Commission to adopt diverse and complimentary proposals that meet various needs stated in the California Energy Commission's ("CEC") *Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities*³ ("Barriers Report").

Greenlining discourages the Commission from approving only alternatives exclusively focused on removing the same barrier.⁴ No low-income or disadvantaged community customer lives a single-issue life,⁵ and thus no one policy will remove the many intertwined barriers they face to accessing clean energy. As the Barriers Report repeatedly states, low-income customers and customers in disadvantaged communities experience *many* structural barriers to participating in existing solar programs.⁶

¹ See Comments from: Joint Solar Parties, SCE, Grid Alternatives, TURN, MASH Coalition, SCE, Alliance for Solar Choice, IREC, SELC and CEJA, GRID Alternatives, Center for Sustainable Energy, Greenlining.

² See e.g. TURN Comments p. 6; MASH Comments p. 3; GRID Alternatives Comments p.3.

³ *Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities*, *Low-Income Barriers Study, Part A: Overcoming Barriers to Energy Efficiency and Renewables for Low-Income Customers and Small Business Contracting Opportunities in Disadvantaged Communities* (Dec. 2016), http://www.energy.ca.gov/sb350/barriers_report/ (last accessed June 16, 2017).

⁴ See GRID Alternatives Comments p. 26-27.

⁵ Audre Lorde, "Learning from the 60s," in *Sister Outsider: Essays & Speeches by Audre Lorde* (Berkeley, CA: Crossing Press, 2007), 138.

⁶ Barriers Report p. 29, 64.

The plain language of Section 2827.1(b)(1) requires adoption of “specific alternatives.”⁷ The legislature intended the Commission adopt both *more than one* alternative and *targeted* policies to promote growth in disadvantaged communities. One policy is simply incapable of meeting all the varied needs of the over nine million Californians living in a disadvantaged community.⁸ In evaluating proposals, Greenlining urges the Commission to consider how a suite of alternatives can work together and ensure that one’s shortfall is another’s strength. To this end, the Commission should not evaluate proposals in a vacuum, but rather in concert with one another. California’s diverse populations in disadvantaged communities require a diverse suite of alternatives.

3) The Commission Should View Alternatives Proposals as Pilot Projects.

Assembly Bill 327 places broad legal authority on the Commission to “ensure” renewable distributed generation “continues to grow” especially in disadvantaged communities.⁹ The bill places no express limits on how the Commission may achieve this mandate. The Commission thus has wide berth to adopt varied and creative policy solutions.

The Commission can and should try new things to redress existing barriers. Rooted in this authority, Greenlining urges the Commission to view all alternatives in this proposal as *pilot projects*. First off, classifying alternatives as pilot projects allows the Commission to try new things without committing to a particular policy in the long-term without knowing its impacts. This permits the Commission to adapt alternatives moving forward. The Commission should not voluntarily constrain its ability to support creative solutions in this proceeding simply because certain outcomes are currently speculative. All proposed policies are new in some way and while data and program design increases the probability of specific policy outcomes, there are no certainties. As stated in the Barriers Report, many existing “data limitations impede innovative and adaptive approaches” to solar growth in low-income and disadvantaged communities. The Commission can alleviate these limitations by generating and learning from new

⁷ Assem. Bill 327, 2013-2014 Reg. Sess. (Cal. 2014).

⁸ An estimated 9,352,731 Californians live in a DAC. CalEPA, SB 535 List of Disadvantaged Communities (2017), <http://www.calepa.ca.gov/EnvJustice/GHGInvest> (last accessed June 16, 2017).

⁹ Assem. Bill 327, 2013-2014 Reg. Sess. (Cal. 2014).

information through diverse pilot projects. Pilot projects allow the Commission flexibility and the space to explore new innovative solutions. Treating these alternatives as pilots allows the Commission to wait until 2019 to fully evaluate potential cost shifts after learning how they work with real customers.

4) The Commission Should Conduct Robust Cost Shift Analysis During 2019 Relook.

Similar to the Commission’s decision in D.16-09-036, Greenlining finds full cost shift analysis of alternatives proposals premature at this stage, “...it is impossible to reach any definitive conclusion regarding the extent or amount of any cost shifting under NEM based on the record in this proceeding.... But the evidence itself was insufficient to estimate the amount of any cost-shift with any measure of certainty.”¹⁰ Here, there is insufficient evidence of alleged cost shifts to determine either their validity or their magnitude with any more certainty than the Commission had in D.16-09-036. Proposals continue to evolve with input from this proceeding and the Commission has the authority to require features that mitigate potential cost shifts. The true cost impacts of these proposals are not presently certain.

Should the Commission view alternatives as pilot proposals, it has even more space to try policies on a smaller scale to truly evaluate their cost impacts. The degree of any potential shift is the key to the Commission’s decision, and that degree is currently unknown for the proposals before us. Thus, Greenlining urges the Commission not to eliminate a proposal now solely due to that uncertainty. Finally, Greenlining encourages the Commission to consider whether a cost shift to support low-income and disadvantaged communities facing severe financial hardships can be justified and the appropriate means to serve equity based policy goals. Greenlining suggests, in principle, a cost shift to benefit low-income and disadvantaged communities could be justified.

As several parties commented, NEM rates will be re-examined in the “2019 Relook.”¹¹ This proceeding will likely continue throughout 2017 and alternatives would begin in 2018 at the earliest. In regulatory terms, the 2019 Relook¹² is relatively soon.

¹⁰ D.16-09-036.

¹¹ SCE Comments p. 2; PG&E Comments p. 16.

¹² D. 16-01-044.

The timing of the 2019 Relook offers an excellent opportunity to pilot alternatives from this proceeding through 2018 and to evaluate their results then. Greenlining encourages the Commission to conduct its more robust cost shift analysis of various DAC alternative proposals as well as the NEM standard tariff during the 2019 Relook. Greenlining appreciates parties' concern regarding new financial burdens on low-income customers resulting from alternatives proposals.¹³ Greenlining agrees the Commission should not impose any additional financial barriers on low-income customers. That stated, Greenlining supports VNEM, SASH expansion, SCE Storage Pilot and improvements to GTSR as alternatives to promote solar growth in disadvantaged communities. Greenlining is confident stakeholders and the Commission may tailor the design, eligibility and requirements of these proposals to ensure no new financial burdens hurt low-income customers.

At the same time, Greenlining disagrees with arguments that the Commission should delay implementation of proposed pilots until after 2020.¹⁴ Residents in disadvantaged communities are facing severe environmental and financial hardships now,¹⁵ and they deserve assistance through AB 327 implementation as soon as possible. The 2019 Relook provides the perfect window of time to start piloting these projects now and planning their long-term future then.

5) The Commission Should Not Conflate the Definition of a Disadvantaged Community with Alternatives Eligibility Requirements.

Parties continue to offer alternative definitions of disadvantaged communities in this proceeding. In summary, parties argue either CalEnviroScreen ("CES") should be the *only* criteria defining disadvantaged communities¹⁶ or the Commission should use CES along with low-income indicators to define disadvantaged communities.¹⁷ Both sides of this dispute have the best intentions and are working toward the complimentary goals of

¹³ See e.g. TURN Comments p. 4; SCE Comments p. 18.

¹⁴ SCE Comments p. 9.

¹⁵ Energy improvements in low-income and disadvantaged communities can allow customers not to have to choose between energy bills and paying for food, rent and life-saving medical care. Barriers Report p. 13.

¹⁶ See e.g. CEJA and SELC Comments p. 16.

¹⁷ See e.g. GRID Alternatives Comments p. 22.

promoting growth and access to solar for underserved customers. Parties including low-income indicators are proposing to expand the definition of a disadvantaged community to allow participation of other underserved populations in alternatives. Greenlining shares this commitment to low-income participation in alternatives as evidenced by its previous disadvantaged community definition.¹⁸ Greenlining’s own thinking evolved through the course of this proceeding and finds a streamlined CES definition coupled with broader participation requirements more appropriate as argued in our Opening Comments.¹⁹ Greenlining discourages the Commission from conflating the *definition* of a disadvantaged community with who may participate in alternatives (“*eligibility*”). Greenlining suggests the Commission reconcile these arguments by allowing low-income and tribal nation customers eligibility when appropriate.

The definition of a disadvantaged community should not exclusively limit who can beneficially participate in a solar alternative, because they are not one in the same. While low-income customers outside a disadvantaged community may not experience all the same barriers as residents of DACs, their participation may increase the likelihood of the program’s success. For example, the DAC VNM proposal by Joint Solar Parties would benefit from a broader base of subscribing customers. A broader base of customers can keep the cost of the alternative lower and thereby increase the likelihood of its long-term success. Greenlining sees similar benefits from broader participation in other current and future alternatives proposals. By including a broader segment of customers in pilot alternatives, the Commission can better understand policy solutions for even more diverse contexts. The greater the Commission’s knowledge, the greater the chance significant solar growth will develop in disadvantaged communities.

Assembly Bill 327, as other parties pointed out,²⁰ limits the Commission’s *express* mandate to promoting solar growth in “disadvantaged communities.” The statute makes many other references to low-income customers, and does not name them at the relevant portion. This suggests the legislature did not view low-income and disadvantaged

¹⁸ Greenlining Institute Comments on NEM Successor Proposals, September 1, 2015, 3-6.

¹⁹ Greenlining Comments p. 3-4.

²⁰ See e.g. SELC and CEJA Comments p. 1, 18, 22.

communities as synonymous. Greenlining agrees the Commission is not likely *required* by Section 2821.1(b)(1) to promote solar growth for low-income customers, but that does not mean it *cannot* or should not do so. The Commission possesses broad authority to seek better ways to serve communities overburdened by pollution and low-income customers through this proceeding as well as all its other work. Greenlining requests the Commission exercise this authority to redress barriers for disadvantaged communities, low-income customers and residents of tribal nations by including them in the eligibility for alternatives pilots.

6) The Commission Should Recognize Disadvantaged Communities Face Barriers to Solar Growth.

Customers in disadvantaged communities²¹ face numerous barriers to solar growth regardless of their personal income. For example, residents in disadvantaged communities are disproportionately subject to older building ages, higher utility prices if in a remote area, significant gaps in workforce development, small business challenges, high environmental hazard burden, public health burdens stemming from higher rates of pollution, language isolation, older and inadequate public infrastructure, and so on.²² A moderate income parent of children suffering from severe respiratory conditions linked to pollution in rural Wasco faces different challenges to accessing solar than a moderate income parent with relatively healthy children in Walnut Creek.

Several parties argued that benefits from pilot alternatives should exclusively reach low-income customers in DACs.²³ Greenlining appreciates the goal of reaching the most vulnerable residents in policy design, but reiterates its belief that alternatives with diverse participants are necessary and can be successful. All residents and businesses within DACs face barriers worthy of the Commission's attention. Several parties argued that under current proposals, wealthy individuals or non-residential customers like Twitter should not benefit from this proceeding as justification for imposing income-based limitations on *all* proposals.²⁴ Greenlining shares the concern for economically

²¹ As defined by top 25% of scoring communities from CES.

²² Barriers Report p. 64.

²³ See e.g. TURN Comments p. 3.

²⁴ See e.g. TURN Comments p.7; PG&E Comments p. 12.

vulnerable customers and commitment to economic equity behind this argument. Greenlining argues this goal is better achieved by imposing specific restrictions on participation, and beneficial rate design for participating low-income customers on pilot alternatives. For example, Greenlining argued in its Opening Comments that Joint Solar Parties should limit participation of big-box non-residential customers and instead prioritize small businesses and community based organizations.²⁵ Greenlining urges the Commission not to craft the rule around its exceptions and rather craft exceptions to the rule. The rule here should be broad eligibility for entities in DACs with exceptions specifically tailored to ensure that the benefits of a given alternative pilot reach its target population.

7) The Commission Should Incentivize Non-Energy Benefits.

Greenlining urges the Commission to explicitly incentivize non-energy benefits in alternatives pilots. The Barriers Report recommends policy makers weave non-energy benefits into program evaluation and cost-effectiveness to encourage infrastructural, environmental, and social benefits result from energy policy.²⁶ “Recognizing non-energy benefits not only helps justify the costs of such programs, but can convey a clearer picture of the societal benefits from such investments of public funds.”²⁷ Stated non-energy benefits or co-benefits of solar growth in disadvantaged communities include but are not limited to: lower energy bills, employment, and greenhouse gas emissions reductions.²⁸

SELC and CEJA suggest incentivizing non-energy benefits or co-benefits by using the “adders/reducers” framework from the Solar Massachusetts Renewable Target (“SMART Program”).²⁹ Under this framework, societally beneficial features of an alternative are financially incentivized and societally undesirable features of an alternative are financially discouraged.³⁰ Greenlining suggest the Commission similarly incentivize co-benefits such as redevelopment of brownfields, lowering of local

²⁵ Greenlining Comments p. 10.

²⁶ Barriers Report p. 59.

²⁷ *Id.* at 59-60.

²⁸ Barriers Report p. 20.

²⁹ SELC and CEJA Comments p. 5.

³⁰ *Id.*

greenhouse gas emissions, workforce development, education etc. This approach should alleviate parties stated concerns³¹ that proposals will not deliver projected co-benefits because incentives make them more likely to occur. The Commission should develop incentives to maximize the co-benefits of alternatives pilots.

8) Low-Income Customers Must Not Experience New Financial Hardships.

As several parties correctly argued,³² in order to effectively promote solar growth in disadvantaged communities, the Commission must target their financial barriers. Greenlining agrees with many parties that low-income customers should not experience new financial burdens resulting from the existence of or their participation in alternatives pilots.³³ Further, equity requires the Commission to offer low-income customers and customers in disadvantaged communities financial parity with their wealthier counterparts who benefited from generous NEM 1.0 rates. Low-income and customers in disadvantaged customers face greater financial and non-financial barriers to solar than the beneficiaries of NEM 1.0. The Commission should not give a less significant financial benefit to low-income and disadvantaged customers than it gave to higher income customers. The Commission should prioritize meaningful financial savings for low-income customers in all alternatives pilots. Greenlining is confident the Commission can achieve this in VNEM, SASH, GTSR Improvements, and SCE Storage Pilot proposals with the appropriate direction.

³¹ See e.g. PG&E Comments p. 25-26

³² TURN Comments p. 2-3.

³³ PG&E Comments p. 3; TURN Comments p. 6.

9) Conclusion

Greenlining excitedly awaits supporting the continued development of the DAC alternatives pilots and thanks the Commission for their dedication to this vital matter.

RESPECTFULLY SUBMITTED,

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