

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

**ENERGY DIVISION**

**RESOLUTION E-5028**

**September 26, 2019**

**R E S O L U T I O N**

Resolution E-5028. Approves extension of, and modifications to, the Utilities' Green Tariff Shared Renewables Program.

**PROPOSED OUTCOME:**

- Approves the proposals of Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E) to extend the Green Tariff Shared Renewables Program (GTSR) beyond January 1, 2019.
- Approves some proposals by PG&E, SDG&E and other parties to modify the GTSR program across all three utilities.
- Denies Southern California Edison's (SCE) proposal to terminate its GTSR program.

**SAFETY CONSIDERATIONS:**

- There is no impact on safety.

**ESTIMATED COST:**

- There is no cost impact: by statute, the GTSR program must maintain ratepayer indifference, meaning that program costs must be borne by GTSR participants.

**By Advice Letters:**

PG&E 3920-G/5206-E, Filed on December 22, 2017

SCE AL 3722-E, Filed on December 22, 2017

SDG&E AL 3168-E, Filed on December 26, 2017

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**SUMMARY**

This Resolution grants, with modifications and limitations, the program extension requests of Pacific Gas and Electric Company (PG&E) and San Diego Gas & Electric Company (SDG&E), and denies the request of Southern California Edison Company (SCE) to terminate its GTSR program. This resolution also addresses the specific items raised through Advice Letters (ALs) PG&E 3920-G/5206-E, SCE 3722-E, and SDG&E 3168-E, and its associated protests, and replies.

**BACKGROUND**

**Senate Bill 43**

The Green Tariff Shared Renewables (GTSR) Program was enacted by the California Legislature through Senate Bill 43 on September 28, 2013. This bill required PG&E, SDG&E, and SCE (the IOUs) to file applications requesting approval of a GTSR program and required the Commission to issue a decision by July 1, 2014. The GTSR program enables ratepayers to help sponsor and benefit from offsite electrical generation facilities that use eligible renewable energy resources. There are two options for participating in the GTSR program: Green Tariff or the Enhanced Community Renewables.

Under the Green Tariff (GT), a customer may pay the difference between their current generation charge and a charge that reflects the cost of procuring 50% to 100% solar generation for their electricity needs. With Enhanced Community Renewables (ECR), a customer agrees to purchase a share of a local solar (or other renewables) project directly from a developer, and in exchange will receive a credit from their utility for the customer’s avoided generation procurement and for their share of the benefit of the renewables development to the utility.

SB 43 included many provisions which limited the size and scope of the GTSR program. Key amongst those were the following: no more than 600 MW could

be procured, the costs of the program could only be borne by participants, and the program would sunset on January 1, 2019.<sup>1</sup>

Following extensive litigation, testimony, and hearings, the Commission adopted Decision (D.)15-01-051 (2015 GTSR Decision), requiring the utilities to submit their implementation plans for GTSR in three phases:

- Phase I – Green Tariff options for SDG&E and PG&E,
- Phase II – Green Tariff options for SCE, and
- Phase III – Enhanced Community Renewables (ECR) program requirements.

The Commission subsequently issued Resolution E-4734 on October 2, 2015, which clarified some implementation issues raised in the IOUs' advice letters and deferred unresolved issues to a Phase IV proceeding.

Ordering Paragraph (OP) 13 of the 2015 GTSR Decision required the IOUs to file a Tier 3 Advice Letter or application requesting changes to its GTSR program that would either extend it beyond January 1, 2019 (for new customers) or terminate the GTSR program as of that date.

13. Each of Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (IOUs) shall use a Tier 3 Advice Letter or application to make changes to its Green Tariff Shared Renewables (GTSR) program that would either extend it beyond January 1, 2019 (for new customers) or terminate the GTSR program as of that date. If a utility does not extend their GTSR program prior to January 1, 2019, current participating customers may remain on their contracts on a month-to-month basis, but no new customers may join the GTSR program. If the IOU desires the extended program to have a different structure or materially different capacity, an application must be filed instead of a Tier 3 Advice Letter. The Tier 3 Advice Letter or application, as applicable, must be filed no later than December 31, 2017. The Tier 3 Advice Letter, or application

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<sup>1</sup> SB 840 repealed Section 2834, removing the GTSR sunset date.

may include a proposal for close out of unrecovered administrative and outreach costs.

As described in OP 13, a “different structure or materially different capacity” is interpreted here as a fundamental or foundational change to the GTSR program that cannot be supported by a reasonable interpretation of legislative intent. “Structure” and “capacity” refer to the design, function, and purpose of the program, and each issue or proposal addressed in this resolution will be primarily evaluated on the basis of whether the resulting program elements or features would deviate from the directives in GTSR decisions and/or the intent of SB 43 and subsequent legislation described below.

### **Senate Bill 793**

Shortly after the 2015 GTSR Decision was adopted, Senate Bill (SB) 793 passed in October 2015, requiring that the IOUs “permit a participating customer to subscribe to the program and be provided with a nonbinding estimate of reasonably anticipated bill credits and bill charges, as determined by the commission, for a period of up to 20 years.”

In May 2016, the CPUC adopted D.16-05-006 (2016 Decision), which addressed participation of ECR projects in the Renewable Auction Mechanism (RAM). In addition, the 2016 Decision provided guidance on several unresolved issues including the reporting of greenhouse gas (GHG) claims as well as the forecasting of rate elements such as bill charges and credits pursuant to SB 793.

### **Senate Bill 840**

SB 840 was passed in September 2016 following the issuance of the 2015 GTSR Decision and the 2016 Decision. Section 12 of SB 840 repealed PU Code Section 2834, removing the GTSR’s sunset date, and “would extend the operation of the program indefinitely.”<sup>2</sup> Neither the 2015 GTSR Decision nor the 2016

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<sup>2</sup> See SB 840 Legislative Counsel’s Digest at:

[https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill\\_id=201720180SB840](https://leginfo.legislature.ca.gov/faces/billTextClient.xhtml?bill_id=201720180SB840).

Decision was modified to reflect the change in law that removed the sunset date from the GTSR Program, nor did any of the ALs cite to this change.

### Current Program Status

The IOUs launched the first ECR solicitation in the fall of 2016, which yielded no participants, nor did the spring 2017 solicitation. The fall 2017 solicitations will result in up to three new Community Renewables Projects:

- **SCE:** 3.0 MW Community Solar Project, in Sheep Creek near Victorville.<sup>3</sup>
- **SDG&E:** 2.4 MW Community Solar Project near Campo (near the US-Mexico Border).<sup>4</sup>
- **PG&E:** 1.656 MW Community Solar Project in Selma (Fresno County).<sup>5</sup>

Subsequent solicitations also indicate modest interest in continuation of the GTSR program, including the following highlights:

- **SCE:** 3.0 MW Community Solar Project, in Lancaster.<sup>6</sup>
- **PG&E:** In the current solicitation, which has been placed on hold pending this resolution, one of the qualifying ECR Developers, ForeFront Power, noted that it has 11 short-listed projects awaiting in the queue for a Power Purchase Agreement.<sup>7</sup>

Of the potential 600 MW in new Shared Renewables contemplated for construction pursuant to SB 43, 73% of the generating capacity allowed in the program remains unprocured. Most of the capacity procured thus far has been for the Green Tariff portion of the GTSR program, as shown in tables 1 and 2 below, on a cumulative and per-utility basis.<sup>8</sup>

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<sup>3</sup> Approved by Energy Division (ED) through the disposition of AL 3878-E, effective July 9, 2019.

<sup>4</sup> Approved by ED through the disposition of AL [SDG&E 3214-E](#), effective June 17, 2018.

<sup>5</sup> Approved by ED through the disposition of AL [PG&E 5288-E](#), effective June 7, 2018.

<sup>6</sup> Approved by ED through the disposition of AL SCE 3976-E, effective April 29, 2019.

<sup>7</sup> See Letter to CPUC Executive Director Alice Stebbins, dated February 27, 2019. In this letter, Forefront seeks an extension to the 60-day Community Interest Requirement until resolutions relating to the PG&E bankruptcy and this GTSR Extension Request be addressed.

<sup>8</sup> The 2015 GTSR Decision requires participating utilities to file a monthly Green Tariff Shared Renewables ("GTSR") Program Progress Report. (at pages 140-141) The numbers in Tables

**Table 1: Cumulative Procured GTSR Capacity (MW)**

Category	Available Capacity	GT Procured	ECR Procured	Remaining Capacity
Unrestricted	480	151	10	319
Reserved for Environmental Justice	100	2	0	98
Totals	600	153	10	437
Percentage				73%

**Table 2: Procured Solar Capacity by IOU**

Category	PG&E				SCE				SDG&E			
	Cap	GT	ECR	Rem	Cap	GT	ECR	Rem	Cap	GT	ECR	Rem
Unrestricted	207	51	2	155	224	60	6	158	49	40	2	7
EJ	45	2	0	43	45	0	0	45	10	0	0	10
City of Davis	20	0	0	20								
Totals	272	53	2	218	269	60	6	203	59	40	2	17
%	45.3%			80%	44.8%			75%	9.8%			28%

Of the 163 MW of power already procured on behalf of the GTSR program from Table 1, only 87.6 MW are enrolled,<sup>9</sup> leaving 75 MW unenrolled: only SDG&E is close to full enrollment, and thus likely to procure additional renewables under the new, cheaper renewables contracts, as shown in the table below.

**Table 3: Cumulative Estimated Megawatts (MW) of GT Customer Enrollment**

Category	Total	PG&E	SCE	SDG&E
	GT	GT	GT	GT
Residential Customers	25.39	8.90	13.42	3.07
Non-Residential Customers	62.21	16.20	4.88	41.13
Total	87.60	25.10	18.30	44.20
Percentage in State	100%	29%	21%	50%

## IOU Advice Letters

1—3 reflect the latest May, 2019 report, served to the Service List of A.12-01-008 in late June, with a correction from SCE.

<sup>9</sup> See results from Table 3.

Pursuant to OP 13 of the 2015 GTSR Decision (which predated SB 793's elimination of the program's sunset date), SCE, SDG&E, and PG&E filed the following GTSR Tier 3 ALs in late December 2017:

○ **PG&E AL 3920-G/5206-E:**

In its AL, PG&E proposes to extend its GTSR program beyond January 1, 2019. PG&E also seeks the following modifications to the program:

- Allow information about Greenhouse Gas (GHG) emissions reduction from this program to be provided to customers in marketing materials.
- Streamline and simplify the ECR program process, such as simplifying community interest requirements and the procurement process.
- Streamline reporting requirements to improve program effectiveness and efficiency.

○ **SCE AL 3722-E:**

In its AL, SCE proposes to terminate its GTSR program because it considers the program's financial viability unsustainable. SCE states that it will propose a replacement program to accomplish the goals of SB 43.<sup>10</sup>

○ **SDG&E AL 3168-E:**

In its AL, SDG&E proposes to extend its GTSR program for an additional 5 years, 2019-2023 with a proposed budget of \$3.8 million. SDG&E also proposes several modifications to the program:

- Allow participants to modify their subscription percentages twice within a year.
- Allow NEM customers to participate in GTSR.
- Allow ECR solicitations to occur once per year.

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<sup>10</sup> On September 26, 2018, SCE filed Application (A.) 18-09-015 which proposes five new green energy programs to replace its GTSR program. The Commission rejected this Application in D.19-05-031.

- Modify the 60-day community interest requirement.
- Allow SDG&E to include GHG emission reduction benefits in its GTSR marketing efforts.
- Request approval of the rate components of the GT and ECR tariffs through ERRA forecast proceedings.
- Remove Special Condition 12 (environmental justice reservation) from its GTSR tariff.<sup>11</sup>

Lastly, SDG&E states that the 1 MW cap for environmental justice projects is too restrictive and encourages the Commission to seek a legislative solution to this problem.

To encourage more robust participation and solicit additional feedback, the Commission hosted the annual GTSR Program Forum on February 21, 2018 with an expanded scope to include the items discussed in the ALs. To consider the robust feedback from the forum, the Commission further suspended the ALs on June 6, 2018.

### **NOTICE**

Notice of ALs PG&E 3920-G/5206-E, SCE 3722-E, and SDG&E 3168-E were made by publication in the Commission's Daily Calendar. PG&E, SCE, and SDG&E state that a copy of the AL was mailed and distributed in accordance with Section 4 of General Order 96-B.

### **PROTESTS**

ALs PG&E 3920-G/5206-E, SCE 3722-E, and SDG&E 3168-E were protested by the following parties by February 2, 2018 in accordance with the extended protest period granted by ED on January 10, 2018:

- The Utility Reform Network (TURN)

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<sup>11</sup> SDG&E is not proposing to no longer implement the environmental justice reservation, but rather to remove this requirement from the tariff because it is not part of SDG&E's relationship with participating customers.

- Solar Energy Industries Association (SEIA) and the Coalition for Community Solar Access (CCSA) (collectively, the Joint Solar Interests)<sup>12</sup>
- ForeFront Power, LLC ("ForeFront Power")
- Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, Silicon Valley Clean Energy Authority and Sonoma Clean Power Authority (collectively, CCA Parties)
- The City and County of San Francisco (CCSF)
- Shell Energy, the Direct Access Customer Coalition (DACC) and California Choice Energy Authority ("CCEA") (together, the "Joint Direct Access Parties")
- Coalition of California Utility Employees (CUE)
- Office of Ratepayer Advocates (ORA)<sup>13</sup>
- Clean Coalition

PG&E, SCE and SDG&E each filed timely replies to these protests on February 9, 2018. In some cases, the protests contain suggested programmatic changes to the GTSR programs. The protests and replies are described and considered in the Discussion section below.

## **DISCUSSION**

### **Terminating or Extending the GTSR Program**

In its AL, SDG&E seeks to extend both the GT and ECR components of the GTSR program for an additional five years, from January 1, 2019 to December 31, 2023. PG&E also proposes to extend the program but does not propose a specific end-date.

Conversely, SCE has determined "the financial viability of the GTSR program is unsustainable and has chosen to terminate the GTSR program."<sup>14</sup> SCE states its

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<sup>12</sup> By statute, GTSR is open to all renewable resources; in practice, all resources procured for the GTSR program through the competitive RAM solicitation thus far have been solar resources. For this reason, Community Solar and Community Renewables are frequently used interchangeably.

<sup>13</sup> On or around August 31, 2018, the Office of Ratepayer Advocates was renamed the "Public Advocates Office at the California Public Utilities Commission." Its preferred acronym is Cal PA, so the entity is referred to as Cal PA in this document.

plans to develop and propose an alternative program to achieve similar GHG reduction and solar participation goals “but without some of the constraints that limited the success of GTSR.”<sup>15</sup>

SCE states that the costs it has accrued thus far on GTSR is \$889,582. Most of these costs were accrued within the first year of the program on administrative and information technology costs;<sup>16</sup> however, even with a substantially tapered marketing and outreach plan each subsequent year, SCE anticipates costs will continue to outpace generated revenue. SCE proposes to recover these costs through a future energy resource recovery account (ERRA).

Several parties supported SDG&E and PG&E’s general extension proposals including TURN, the Joint Solar Interests, CUE, and Clean Coalition. ForeFront Power argued that PG&E should be required to specify a sunset date. CCSF argued that at a maximum, the Commission should not extend PG&E’s GTSR program for longer than four years as proposed by SDG&E. The CCA Parties argued that most of the issues discussed in the IOU ALs were beyond the scope of the AL process and recommended PG&E’s AL be rejected without prejudice. Additional comments from the GTSR Program Forum in support of continuing the program included the Sierra Club, the Solar Energy Industries Association, and the Natural Resources Defense Council.

None of the thirteen protestants supported SCE’s proposal to terminate the GTSR program.

In its protest to SCE’s Proposal to Terminate its GTSR program, the Clean Coalition noted:

Terminating the GTSR program would frustrate the direction of the California Legislature to promote renewables for local disadvantaged communities. The Legislature enacted SB 43 with clear intent to reflect the environmental concerns of utility customers and to maintain and create opportunity in an underdeveloped sector of renewable energy supply, with special consideration for local

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<sup>14</sup> SCE AL 2722-E, at page 4.

<sup>15</sup> SCE AL at 4.

<sup>16</sup> SCE AL at 5, totaling \$889,582 dollars.

development and disadvantaged communities, and recently amended the Public Utilities Code to remove the 2019 sunset date previously applicable to the GTSR program.<sup>17</sup>

The Joint Direct Access Parties, TURN, and ORA all specifically protested SCE's proposal to recover marketing and administrative costs for the GTSR program through its ERRA process. These parties stated that under SB 43,<sup>18</sup> the Commission may not allow SCE to recover its GTSR marketing and administrative costs from nonparticipating ratepayers. Recovery of such costs from nonparticipating ratepayers would violate other statutory cost-shifting prohibitions as well,<sup>19</sup> and that its proposal to abandon its current GTSR program and institute a new GTSR program, should not enable SCE to avoid shareholder responsibility for GTSR program costs.<sup>20</sup>

Based on comments from the GTSR Program Forum, SCE further clarified it would support the continuation of the GTSR program until a viable alternative is implemented.<sup>21</sup>

SB 840 (2016) removed the program's January 1, 2019 sunset date.<sup>22</sup> Hence, SCE's request to terminate its GTSR programs is rejected since the program no longer has a sunset date. Additionally, SCE's application to replace the current GTSR program with new green energy programs was recently rejected by the Commission in D.19-05-031 on the basis that current law requires the utilities to administer the GTSR program in accordance with sections 2830-2833 of the

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<sup>17</sup> Comments of the Clean Coalition, February 2<sup>nd</sup>, 2018 at page 2.

<sup>18</sup> And codified through P.U. Code Section 2833 (p).

<sup>19</sup> Southern California Edison Company Advice No. 3722-E: Protest of the Joint Parties. February 2, 2018.

<sup>20</sup> ORA's Protest of Southern California Edison Company (SCE)'s Request to Terminate Southern California Edison Company's Green Tariff Shared Renewables Program in AL No. 3722-E., dated February 2, 2018.

<sup>21</sup> An Audio recording of this Forum is available at the CPUC GTSR Website.

<sup>22</sup> SB 840 repealed Section 2834 of the Public Utilities Code, which established the January 1, 2019 sunset date for the GTSR program.

Public Utilities Code.<sup>23</sup> We also reject SCE's request to recover GTSR program costs from the ERRA process.

CCSF's and CCA Parties' protests to limit or reject PG&E's request to extend its GTSR program are also rejected for the same reason. SDG&E's request to extend its program 5 years is moot, as SDG&E shall continue the program indefinitely until the program cap is reached, in compliance with the law.

### **Tariff Modifications in Conjunction with a GTSR Extension**

ForeFront Power, in their support for PG&E and SDG&E's proposals to extend their GTSR programs, further requested that the PG&E and SDG&E be required to update its tariffs to incorporate the extension and account for long-term resource planning.

Specifically, ForeFront requests changes and clarifications, as follows:

- SDG&E remove the January 1, 2019 sunset date from its GTSR tariffs.
- PG&E clarify its intent on a specific sunset date if it has one other than reaching the program cap.
- PG&E clarify that participating customers may continue to receive service under the program for a period of up to 20 years from their original subscription date.

We agree with ForeFront's requests above except for PG&E clarifying its intent on a specific sunset date if it has one. As noted above, the program, by law, has no specific sunset date except for reaching the program cap. ForeFront's request for a specific sunset date is made moot by the law. PG&E and SDG&E are hereby directed to make the other two clarifications in their tariffs.

### **Programmatic Changes Recommended by the IOUs and Parties**

PG&E and SDG&E (and some parties) provide numerous suggestions to improve the GTSR program. CCA Parties, CCSF and to some extent Cal PA, all argue that the IOUs' ALs are procedurally improper because their recommended program changes would require modification to a prior Commission decision, such as

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<sup>23</sup> D.19-05-031, Conclusion of Law #2.

D.15-01-051.<sup>24</sup> These parties cite Rule 16.4 of the Commission's Rules of Practice and Procedure which requires a Petition for Modification, rather than an AL, to modify a past Commission decision. The same parties recommend that the Commission reject PG&E's AL (and by extension SDG&E's AL) and direct the IOUs to file a Petition for Modification for all program changes that they seek.

In its reply, PG&E argues that Ordering Paragraph (OP) 13 of D.15-05-051 provides the IOUs authority to propose program changes via a Tier 3 AL as long as the changes do not constitute a different structure or materially different capacity for the program.

We agree with PG&E's interpretation of OP 13 of D.15-05-051, which clearly permits the IOUs to file a Tier 3 AL for proposed changes to the GTSR program on the condition that the changes do not result in a different structure or materially different capacity. We therefore reject the argument of CCA Parties, CCSF and Cal PA that PG&E's and SDG&E's ALs should be summarily dismissed simply because the IOUs have not filed a Petition for Modification. In the following section, we will first assess each proposed program change to determine whether it results in different structure or a materially different capacity. If we determine that it meets either criteria, the change should be pursued via an application as directed in OP 13. The programmatic changes that are adopted in this resolution shall also apply to SCE's GTSR program unless otherwise stated.

## **IOU Program Proposals**

### **The Community Interest Requirement**

The 2015 GTSR Decision described the intent of the community interest requirement to give communities the flexibility to structure their projects in innovative ways that incentivize community participation and developer interest

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<sup>24</sup> This resolution presumes that parties raising this procedural objection would argue the same for any recommended program changes made by non-IOUs in response to the ALs.

in new projects. The ECR component must encourage, rather than discourage, efforts of municipalities to develop shared community renewables.<sup>25</sup>

To meet these ends, the 2015 GTSR Decision set forth a “framework for basic protections for customers and for preventing developers from gaming the program.”<sup>26</sup> The 2016 Decision further clarified that a developer seeking approval for an ECR project fulfill a community interest requirement before a Power Purchase Agreement (PPA) can be executed.

Pursuant to the 2016 GTSR Decision, community interest requirements are interpreted as follows:<sup>27</sup>

- An Enhanced Community Renewables project should demonstrate fulfillment of its community interest requirements within 60 days of notification of contract award;
- At least 50% (by number of customers) and at least 1/6<sup>th</sup> (by load) of the demonstrated community interest in the project should come from residential customers; and
- As required by § 2833(h), individual subscribers are limited to 2 MW of load.

Customers who have registered their community interest are not actually obligated to enroll. When an ECR project is built and a Commercial Operation Date approaches – as much as two to three years later – the project developer must subsequently market and sell customer shares to the community renewable project at that time.

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<sup>25</sup> Sierra Club/California Clean Energy Committee (May 5, 2014 Opening Brief at 27.), City of Davis, and CCSF all highlighted this aspect of ECR in their testimony and briefs.

<sup>26</sup> D.15-01-051 at 61. “We direct the IOUs to base their assessment of community interest on the following criteria: (a) documentation that community members have committed to enroll in 30% of the project’s capacity or documentation that community members have provided expressions of interest in the project sufficient to reach 51% subscription rate; and (b) a minimum of three separate subscribers to reflect the “shared” aspect of the program. We agree with CCSF that allowing third-party institutional customers to guarantee subscription levels for new projects may be sufficient to establish community interest. In particular, if the guarantee is from a municipality working to develop ECR projects in its community, then this guarantee is a sufficient demonstration of community interest.”

<sup>27</sup> 2016 GTSR Decision at 17.

The inaugural GTSR Program Forum, held on April 5, 2017, provided developers with an opportunity to evaluate ways to improve upon the developer experience and discuss how to improve the ECR program. The participants universally agreed that steps for demonstrating community interest have proven to be onerous and difficult to overcome.<sup>28</sup> The Joint Solar Interests further elaborate that in sum, the community interest requirements serve as a barrier to the development of ECR projects and do not serve the intended purpose of ensuring that a project has community support.<sup>29</sup> In response to the feedback received at this forum and through other mechanisms,<sup>30</sup> the IOUs filed the following recommendations in their ALs:

- PG&E proposes to eliminate completely the demonstration of community interest requirements at 60 days post-award notification, and instead move the two most critical enrollment requirements (the % residential requirement and the customer size limitations) to the time of commercial operation.<sup>31</sup> SDG&E proposes to move the community interest requirement to a point in the future, when a PPA is to be executed.
- TURN noted its support for SDG&E and PG&E's proposals and urged the Commission to fix these current shortcomings rather than terminate the existing ECR program:

TURN also urges the Commission to eliminate the requirement that an ECR project demonstrate sufficient community interest prior to the execution of a PPA with the utility (as proposed by both PG&E and SDG&E). These two elements of the ECR program have proven fatal to project development in all three IOU programs. Developers simply cannot bid into a solicitation and demonstrate substantial

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<sup>28</sup> Brian Orion, April 18, 2017. Greentech Media, Industry Perspective.

[www.greentechmedia.com/articles/read/a-rough-start-possible-reforms-for-californias-community-solar-program](http://www.greentechmedia.com/articles/read/a-rough-start-possible-reforms-for-californias-community-solar-program).

<sup>29</sup> Protest of the Joint Solar Parties.

<sup>30</sup> Further locational specificity can be developed in Phase IV, along with adders or credits for avoiding increased distribution costs.

<sup>31</sup> PG&E AL 3920-G/5206-E at 7.

community interest without even knowing whether their project will be selected by the IOU and given the 1-2 year lead-time between the submission of a bid and the likely commercial operation date.<sup>32</sup>

The 60-day timeframe in which developers must meet the first GTSR program community interest requirement have been raised as problematic, while providing little actual protection to ratepayers, as was intended by the Commission.

- SDG&E proposes to modify the 60-day requirement so it is no longer a prerequisite to PPA execution.<sup>33</sup> Instead, SDG&E proposes that the condition precedent in the PPA be pushed back so that it must be met before start of construction can commence.<sup>34</sup>

As PG&E discusses, customer expressions of interest at the point of PPA award have little relevance on the actual customer's decision to enroll two or more years later. The Joint Solar Interests, TURN, Clean Coalition, and ForeFront Power support PG&E's more aggressive proposal to eliminate the community interest requirement from the GTSR program.

While the community interest requirement appears to present challenges to developers, we decline to remove it as proposed by PG&E. This requirement is a core feature of the original design of the program, and its removal would constitute a different structure to the program. Therefore, removal of this feature is not appropriate for the AL process. However, we are also convinced that modifying the timing requirement for this feature is a ministerial change, and therefore would not result in a fundamental change in structure to the program. Specifically, we agree with SDG&E that we should retain the community interest element of the program while providing the developer more time to obtain community interest. Therefore, we approve the following change to the program on a going-forward basis: the community interest requirement shall be a

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<sup>32</sup> Protest of TURN to SCE AL 3722-E, February 1, 2018.

<sup>33</sup> D.15-01-051 at 67.

<sup>34</sup> SDG&E AL at 7, section 2.

condition precedent in the PPA that must be met by the developer prior to the start of construction.

### **The Locational Requirement**

SB 43 required the IOUs to locate ECR projects “close to the source of demand.” PU Code section 2833(e) further provides that “to the extent possible” the utility “shall seek” to procure eligible renewable energy resources “located in reasonable proximity to enrolled participants.”<sup>35</sup>

D.15-01-051 finds that “Community involvement with a specific local facility will increase community interest and participation in the GTSR program,” and went further to adopt PG&E’s definition of “community” as customers within the same municipality or county, or within ten miles of the customer’s address.<sup>36</sup>

In its proposal to eliminate its own community interest requirement, PG&E seeks to remove the locational requirement for ECR projects. D. 15-01-051 requires that customers must be located within 10 miles of an ECR project to demonstrate community interest; however, after an ECR project is developed, subscriptions may come from anywhere in the IOU’s territory.

In its protest, ORA notes that while developers have highlighted the barriers associated with the community interest requirement, PG&E has not identified any specific barriers to program procurement or enrollment associated with the locational requirement, and cautions that the Commission should not eliminate the locational requirement without first assessing how effective a revised community interest requirement would be in conjunction with the locational requirement. The Commission could instead revise the locational requirement in light of these findings. For example, a proposed new requirement could be that PG&E’s ECR developers must meet the current community interest criteria from customers who reside within the same county as the project or within 40 miles of the project, whichever is greater.

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<sup>35</sup> In addition, the EJ Reservation must locate capacity in areas identified as the most impacted and disadvantaged communities in California. The EJ Reservation location requirements are discussed in Section 4.9 below.

<sup>36</sup> 2015 GTSR Decision at 67.

At the 2018 GTSR Program Forum, APEN<sup>37</sup> also expressed its support of the locational requirements to ensure that the customers are coming from the community that the project serves and recommended that developers partner with local Community Based Organizations. The Center for Resource Solutions<sup>38</sup> further clarified that removal of the geographic conditions may trigger a new review of Green-E marketing requirements.

We decline to change the locational requirement, as it is a core feature of the program based on our interpretation of the applicable code section. Removing it would result in a different structure to the program and therefore is not appropriate for the AL process. We anticipate that developers' struggles to adhere to the locational requirement will be mitigated by our earlier change to the community interest requirement.

As raised in their comments, the Joint Solar Parties request that the annual GTSR forum be used as a venue to further discuss the ECR locational requirements, with the intention of reaching a consensus proposal that would retain the requirement, but make it less restrictive. If such a consensus is reached which does not result in a different structure or a materially different capacity to the program that would run afoul of the intent of the GTSR legislation, it could be implemented through the IOUs' submission of a joint Tier 3 Advice Letter.

The Commission grants this request but cautions that an overly broad geographical definition of "community" could further erode the validity of a future Locational Grid Benefits value calculation.

### **The Number of Subscribers and the 50% Residential Requirement**

Currently, ECR developers must demonstrate that there are as many subscribers as there are MWs in a project (e.g., a 20 MW project must have at least 20 subscribers). Also, within 60 days of award notification, ECR developers must

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<sup>37</sup> The Asian Pacific Environmental Network, represented by Ameer Raval, Policy and Research Associate.

<sup>38</sup> CRS manages Green-e certification accounts for large investor-owned utilities and competitive electricity suppliers, including the GTSR program.

demonstrate that at least 50% of the number of customers and 1/6 of the load must be from residential customers.<sup>39</sup>

PG&E proposes three changes: 1) eliminate the 'number of subscribers' requirement, 2) move the demonstration of the residential requirement to the time of commercial operation and 3) developers need only demonstrate the 1/6 load requirement. PG&E argues that demonstrating the number of subscribers is made superfluous by the residential requirement and hence is not necessary. PG&E also argues it is a virtual certainty that obtaining 1/6 of the load from residential customers will satisfy the 50% customer enrollment requirement. Furthermore, PG&E suggests that customer enrollments in the project will be calibrated to demonstrate that the 1/6 requirement has been met by residential customers. If there are not enough residential customers to meet the 1/6 requirement, PG&E proposes that non-residential enrollments would be curtailed until the requisite number of residential enrollments are obtained. CUE supports PG&E's proposal on this matter.

PG&E's proposal on this matter does not result in a different structure or a materially different capacity to the program that would run afoul of the intent of the GTSR legislation, hence it is appropriate for consideration through the AL process. We conclude the 'number of subscribers' requirement is not necessary on a going-forward basis because the residential requirement ensures an appropriate mix of residential and non-residential participation. We also conclude that moving the demonstration of the residential requirement from 60 days after award notification to the time of commercial operation is reasonable in that it adds more flexibility for developers. We also approve PG&E's proposal that the demonstration of the residential requirement can be met by developers showing that 1/6 of the load will come from the residential sector at the time of operation. Additionally, the developer may not enroll any more non-residential participants until the residential enrollment is sufficient to meet and maintain the 1/6 requirement. These changes balance the need to retain key components of the program with a reasonable amount of flexibility for developers, and we approve them.

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<sup>39</sup> D.16-05-006 at 17.

### The EJ 1 MW Project Cap

Pursuant to PU Code Section 2833 (d)(1)(a), environmental justice (EJ) projects may be sited in the 20% most impacted communities in each IOU territory [but not necessarily statewide], as designated by Cal EnviroScreen, and “shall not exceed one megawatt nameplate rated generating capacity.”

These projects are to provide the benefits of renewable generation directly to the disadvantaged community in which they are sited, and the CPUC incents these projects by allowing for a higher price threshold within the competitive RAM solicitation process. However, SDG&E asserts that the 1 MW cap is too restrictive and believes that expanding this cap slightly would continue to provide disadvantaged communities with the benefits of local renewable generation while providing SDG&E, communities and developers with increased flexibility in identifying potential EJ projects.

SDG&E states it has received bids from ECR developers located in EJ areas that do not qualify because the project slightly exceeds the 1 MW cap. SDG&E did not request a change to the cap via its AL, noting that such a change is needed in current law and urging the Commission to seek an amendment to statute.

Based on the latest data from the IOU’s monthly May 2019 GTSR Status Reports, the EJ reservation remains profoundly under-procured:

**Table 4: Environmental Justice Reservation**

IOU	Target EJ Capacity	GT Procured to Date	ECR Procured to Date	Capacity Remaining
SDG&E	10	0	0	10
PG&E	45	2	0	43
SCE	45	0	0	45

However, upon further inspection, most GTSR projects are actually sited within EJ communities; the developers simply did not request the additional price incentive that come with the EJ reservation. Table 5 below displays recent GTSR

projects which are online or were projected to come online in 2018,<sup>40</sup> which indicates that projects can be cost-effective in EJ communities.

**Table 5: GTSR Projects by EJ Reservation and CES Value**

IOU	Name of Resource	ECR or GT Program?	MW	EJ Reservation?	CES <sup>41</sup> Percentile Value
PG&E	Bakersfield 1	GT	5.25	No	99.86
PG&E	Bakersfield Industrial 1	GT	1	Yes	98.36
PG&E	Merced 1	GT	3	No	95.43
PG&E	Tranquillity 8 Amarillo	GT	20	No	95.01
PG&E	Manteca Land 1	GT	1	Yes	93.37
PG&E	Mahal	ECR	1.656	No	90.20
PG&E	Delano Land 1	GT	1	Yes	87.41
PG&E	GASNA 36P, LLC ("San Joaquin 1B FIT")	GT	1.5	No	86.92
SDG&E	97WI 8ME LLC (Midway Solar Farm III)	GT	20	No	82.08
PG&E	54KR	GT	20	No	78.95
SDG&E	FFP CA Community Solar, LLC (Cameron SB43)	ECR	2.4	No	55.4
SCE	Antelope DSR 3, LLC	GT	20	No	64.43
SCE	RE Gaskell West 1	GT	20	No	64.30
SCE	JATON, LLC	ECR	3	No	54.89
SCE	Windhub Solar A, LLC	GT	20	No	43.11
SDG&E	ORNI33 LLC (Wister Solar)	GT	20	No	N/A

As shown through the data in Table 5, four of the six projects in the most impacted EJ communities with a CES score above 90 did not qualify for the EJ reservation because they were too large

<sup>40</sup> Compiled from Data Responses received individually from each IOU on October 12, 2018.

<sup>41</sup> CES = Cal EnviroScreen 3.0. The higher the percentile value in Table 5, the more impacted the location.

Parties are encouraged to use the data above and any other relevant analysis, and present their case to the legislature to advocate for a modification to the 1 MW cap.

### **Applying the Environmental Justice Reservation**

SDG&E is also proposing to remove Special Conditions Section 12, which addresses the GTSR EJ reservation, from its GT and ECR tariffs:

12. Environmental Justice Reservation: Pursuant to SB 43, 10 MW of Utility's 59 MW GT capacity will be reserved for **Eligible Customers** in Environmental Justice (EJ) Areas identified by the California Environmental Protection Agency (CalEPA) CalEnviroScreen Version 2.0, and its successors, as the 20% most impacted and disadvantaged communities in Utility's service territory. Identified EJ communities will be listed at [www.sdge.com/ctts](http://www.sdge.com/ctts).

The EJ reservation is a mandated **procurement** element for GTSR that is not part of SDG&E's relationship with participating customers. Therefore, language addressing the EJ reservation is not needed in the customer-facing tariff.

SDG&E's request to remove Special Condition 12 from its GTSR tariffs is approved.

### **Greenhouse Gas Emissions Reductions Marketing**

Currently, the IOUs and ECR developers are prohibited from making claims about GHG emissions reductions when marketing the GTSR program until a statewide methodology is adopted for retail products:

Until such a time as a statewide methodology is adopted for calculating greenhouse gas emissions associated with a retail product, the Green Tariff Shared Renewables program may not be marketed by any retail seller to potential subscribers by making specific claims about portfolio greenhouse gas emissions for specific products.<sup>42</sup>

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<sup>42</sup> D.16-05-006 at OP 11.

Both PG&E and SDG&E make an argument that facts about GHG Emissions should be included as part of their marketing materials, and that such a statewide methodology now exists. PG&E argues that the prohibition on customer communications regarding the GHG emissions associated with *the Green Tariff Shared Renewables program exclusively* is neither fair nor necessary to achieve the Commission's objectives of fair and accurate marketing communications across retail suppliers. Similarly, SDG&E notes that tools are currently in place to make this reporting easy for IOUs and ECR developers. As part of the GTSR program, SDG&E retires GHG eligible allowances associated with GTSR procurement on behalf of participating customers through California Air Resources Board's (CARB) Voluntary Renewable Electricity Program (VREP), and is required to report on this. Additionally, SDG&E claims it is possible to use CARB's unspecified emissions factor, a commonly used statewide methodology, to calculate the metric tons of carbon dioxide reduced from each megawatt of incremental renewable resources within the GTSR program.<sup>43</sup>

Citing General Rule 5.1, the CCA parties argue that PG&E's proposal to eliminate the GHG Marketing Prohibition is inherently controversial and raises a number of important policy questions. The CCA parties state that ratepayers have a clear interest in ensuring that PG&E's GTSR programs are marketed in a fair, honest, and transparent manner without exaggerated or unsupported claims regarding the programs' GHG reduction benefits.

Additionally, CCSF notes in its protest that Assembly Bill 1110 (2016) requires the California Energy Commission (CEC), in consultation with the State Air Resources Board, to adopt a methodology for the calculation of GHG emissions intensity for each purchase of electricity by a retail supplier to serve its retail customers. The CEC has not yet adopted a statewide methodology pursuant to this bill.

TURN supports the IOUs' request to provide GHG reductions information to prospective customers but argues that the Clean Net Short methodology in the Integrated Resource Planning rulemaking (R.16-02-007) should be used instead of CARB's VREP methodology.

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<sup>43</sup> SDG&E AL at 9.

As described earlier in this resolution, proposed programmatic changes to the GTSR program are evaluated to determine whether they result in a structural or capacity change to the program. For this particular proposal however, a different analysis is applied because it is subject to OP 11 in the 2016 Decision, which does not permit GHG emissions reduction claims to be made in any GTSR marketing materials until “a statewide methodology is adopted for calculating greenhouse gas emissions associated with a retail product.” However, the 2016 Decision does not require that the methodology adopted for the GTSR program must conform to the methodology contemplated by AB 1110.

Because both are intended to apply to *portfolios* of resources, it is not clear whether the method that AB 1110 requires the CEC to develop, or the Clean Net Short method, are appropriate specifically for characterizing the emissions associated with individual retail products, such as GTSR products. Regardless, neither has been adopted for that purpose. Moreover, the record on this matter is insufficient to determine whether CARB’s VREP methodology is appropriate and fulfills the requirements of OP 11 of the 2016 Decision. Therefore, the IOUs’ request to use the CARB’s VREP methodology is rejected, as is TURN’s proposal to use the Clean Net Short methodology.

OP 11 of the 2015 GTSR Decision directed the IOUs to host an annual forum once per year in order to meet with project developers to discuss their experience participating in the GTSR program. This is an ideal venue for stakeholders to begin the process for developing an acceptable GHG emissions reduction approach and value, and to achieve consensus on a single proposal that reflects a shared methodology and framework for calculating and marketing GHG emissions reductions. Following this forum, the IOUs shall host a workshop noticed to all parties in this proceeding, then file a joint Tier 3 AL which addresses the pros and cons of each considered proposal to implement this methodology and its results for incorporation into their respective GTSR product marketing materials. This AL must include consideration of the Power Source Disclosure Program and the Clean Net Short methodology as proposed by TURN in comments to this Resolution.

### ECR Procurement Timeframe

The 2016 Decision<sup>44</sup> compels the IOUs to hold two ECR solicitations a year through the end of 2018, but does not specify what should occur after 2018.

SDG&E proposes to hold one solicitation in 2019 and one solicitation per year each year thereafter until capacity procured is equal to SDG&E's entire GTSR program 59 MW capacity target. The annual solicitation will be for remaining GT, EJ or ECR capacity. SDG&E believes that annual solicitations for remaining capacity will result in more robust and competitive solicitations, as SDG&E has seen participant interest in its solicitations decline with each solicitation.

In contrast, PG&E proposes a year-round procurement process that would give developers more control over the timing of their project development cycle. PG&E believes that a year-round accessible procurement process could allow developers to match the timing of their bids with their own project's unique development cycles and constraints. The developer would not have to wait until an open solicitation period, but rather could offer a bid at any time while MWs remain under the program cap. All the existing project bid package and eligibility requirements would remain, and projects that meet the EJ requirements would continue to have priority as they do today.<sup>45</sup>

PG&E provided additional details at the GTSR Program Forum and proposed streamlining the process with an annual filing to reduce the administrative burden on utility and regulatory staff, and to provide for more robust solicitations. Initial thoughts discussed at the forum included an open window period such as during the first week of each quarter when developers could submit bids: this would allow the IOUs to batch-review the bids during specified windows to go through the evaluation process. In their protests, TURN and the Joint Solar Interests support PG&E's proposal.

In its reply, SDG&E indicated that it is open to holding year-round solicitations as proposed by PG&E, but noted that this process would take time to develop, as a Commission-approved year-round procurement program does not yet exist.<sup>46</sup>

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<sup>44</sup> *Id.* at 16.

<sup>45</sup> PG&E AL Advice 3920-G/5206-E at 11.

<sup>46</sup> Reply Comments of SDG&E February 9, 2018.

If such a program were to be developed, SDG&E believes it would be beneficial for EJ projects to participate in the year-round procurement process for either GT or ECR projects. For non-EJ-GT solicitations, SDG&E proposes to hold an annual competitive solicitation, with authority to increase in frequency, if needed, to support customer demand for its GT program.

Developer burdens would be eased if PG&E's proposal to make procurement available year-round was implemented; developers would be more confident in expending money to prepare bids without worrying about missing a 30-day window.<sup>47</sup>

We conclude first that neither PG&E's nor SDG&E's proposed modifications would result in a different structure or a materially different capacity to the program: under either scenario, the program would still retain a competitive procurement process, the only change being the timing, availability and/or frequency of solicitations. As a result, it is appropriate to consider these proposals in the AL process.

We also conclude that PG&E's proposal for a year-round procurement process could encourage more developers to participate and be particularly helpful in promoting projects in EJ communities. We therefore approve it in concept since it still lacks specific details for us to adopt.

OP 11 of the 2015 GTSR Decision directed the IOUs to host an annual forum once per year in order to meet with project developers to discuss their experience participating in the GTSR program. This would be an ideal forum by which PG&E leads a discussion with key stakeholders to develop the details of a year-round procurement process. Following that workshop, the IOUs shall submit a joint Tier 2 AL seeking approval of the new process. Until such a year-round process is approved, the IOUs are directed to hold at least one solicitation per 12-month period.

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<sup>47</sup> See "Report of the Independent Evaluator on the Offer Evaluation and Selection Process, and on the Merit for Approval of a Renewable Energy Contract with FFP Ca Community Solar, LLC", Arroyo Seco Consulting, April 12, 2018, (IE Report), at 11.

### **Reducing the Number of Reports**

PG&E proposes to streamline its reporting requirements from 26 GTSR reports or other filings per year to 11 reports per year by consolidating information. PG&E argues that a reduction in the annual reporting requirements will promote more efficient use of resources and reduce administrative costs borne by GTSR customers. The specific reporting changes were described in Attachment C of its AL and is attached as Appendix 1 to this resolution.

PG&E's reporting request was supported by TURN and CUE in their protests, and by SDG&E and SCE in their comments at the Developer Forum.

We find PG&E's request on this matter does not result in a different structure or materially different capacity to the program, and is therefore appropriate for consideration under the AL process. We also agree with PG&E's assessment that reducing the number of annual reports by consolidating the information would likely result in more efficient use of resources and reduce administrative costs. We therefore approve PG&E's request on this matter with one exception, the 20-year Forecast, which is discussed further below. We hereby direct SCE and SDG&E to implement the approved changes to their reporting requirements.

### **The 20-Year Forecast Advice Letter**

OP 7 of the 2016 Decision states:

[the IOUs] must prepare and publicly file a 20-year forecast of bill credits and charges via Tier 1 Advice Letter, and upon approval by the Commission must publish the forecasts online within 60 days of the date of this Decision using the methodology described in Section 3.4. Forecasts for 2017 and 2018 must be published no later than February each year.

The 2016 Decision does not direct IOUs to submit forecasts of bill credits and charges beyond 2018. However, PG&E proposes to submit the updated forecast in the Annual GTSR Program Progress Report as part of its effort to consolidate information, rather than continue to submit the information through an AL.

While we approve of PG&E's overall desire to consolidate information, we direct the IOUs to continue to file their 20-year forecasts via Tier 1 AL filings. Past 20-year forecasts have been of interest to the parties as reflected in their filed

protests to these ALs, and allowing PG&E to move their forecasts from an AL to a report would preclude parties from filing comments or raising concerns in protests about the updated forecasts. PG&E's request to submit the updated 20-year forecast of bill credits and charges as part of its Annual GTSR Program Progress Report is denied. Rather, this AL shall continue to be filed separately.

### **Allowing NEM Customers to Participate in GT and ECR**

The GTSR program offers customers without the ability to install solar panels a way to increase their use of renewable energy. However, not all solar photovoltaic (PV) systems generate enough electricity to offset all the energy consumed by a residence or business. In many cases, a NEM customer's solar PV system does not offset 100% of the energy consumed on site, and therefore such customers can still reduce GHG emissions beyond reductions achieved by their on-site solar generation.

SDG&E notes that it routinely receives requests from NEM customers wishing to participate in the GTSR program looking to increase their reliance on renewables. SDG&E proposes to provide the same option to its customers that is currently available to Southern California Edison's (SCE) customers by allowing NEM customers to participate in GTSR.

SDG&E proposes to cap the capacity taken up by NEM customers at 6 MW (or approximately 10% of the 59 MW cap), on a first-come, first served basis between both GT and ECR for the five-year extension period. SDG&E argues that its proposed approach will continue to reserve the majority of the GTSR program for those who might not have access to solar. The Joint Solar Interests support SDG&E's proposal.

ORA protested this issue for two reasons: policy and cost. With regards to policy, ORA noted:

...allowing NEM customers to participate in the GTSR program would not only run counter to the program's original intent to serve customers unable to invest in renewable energy onsite, but SDG&E

does not need NEM customers to recruit more customers. SDG&E is already in a good position to recruit customers.<sup>48</sup>

In response to an ORA data request, SDG&E revealed that the cost to upgrade its IT system to integrate NEM customers would be approximately \$440,000. SDG&E acknowledged in its reply comments that its GT program subscriptions will likely be successful even if its proposal for NEM customers is denied. Furthermore, in its comments on the Draft Resolution, SDG&E seeks to withdraw this request, citing high IT costs and higher-than-projected customer enrollment. We agree with this assessment and therefore deny this request.

### **IOU's GTSR Program Budgets**

In its AL filing, SDG&E proposed a total estimated budget of \$3,873,998 for the 2019 to 2023 program cycle to cover program management, IT upgrades, and marketing costs. SDG&E states that the proposed budget will improve the customer experience with GTSR and support higher enrollments and participation. SDG&E predicts that its GTSR program will be fully subscribed by 2020.

PG&E and SCE routinely provide their proposed GTSR budgets on an annual basis through ALs. While we appreciate SDG&E's proactive thinking to plan for the next 5 years, the other IOUs may continue with one-year budgets if they so desire. Within 30 days of the effective date of this resolution, PG&E and SCE shall submit Tier 2 ALs with projected expenses and rates for at least 2019 or may present 5-year budgets through 2023.

### **GTSR Program Cost Recovery**

SB 43 and the 2015 GTSR Decision require participating GTSR customers to pay for the administrative and marketing costs of the program. Administrative and marketing costs are tracked in memorandum accounts, while procurement related expenses and revenues are recorded in balancing accounts. SDG&E proposes to continue these existing cost recovery practices for the GTSR program. SDG&E also states that it will continue to request approval of the rate

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<sup>48</sup> Protest of ORA at 2.

components of the GT and ECR tariffs through its ERRA forecast proceedings, consistent with D.16-12-053, OP 8. This decision approved SDG&E's 2017 ERRA forecast, which included updated rates for the GT and ECR tariffs.

Cal PA protested SDG&E's request to seek rate approval via the ERRA proceeding, asserting that because the ERRA proceeding has several accounts that undergo review, inappropriate GTSR costs may get overlooked. Cal PA states that SDG&E should seek GTSR rate changes via a Tier 2 AL as that is what is ordered in D.15-01-051.<sup>49</sup> CalPA states that if the CPUC approves SDG&E's request on this matter, it should direct SDG&E to include its rate proposal in the June ERRA filing, rather than the November update, to allow for sufficient review.

In its reply, SDG&E states that the ERRA proceeding is the appropriate venue to consider GTSR rate changes because the GTSR rate design is comprised of various rate components that are routinely examined and approved in the ERRA Forecast proceeding.<sup>50</sup> Filing a Tier 2 AL, as suggested by CalPA, would result in a delay to updating the GTSR rate components because the Tier 2 filing would have to wait until the ERRA Forecast is approved by the CPUC.

SDG&E's proposal on this issue will not result in a structural change or materially different capacity to the program, and is therefore appropriate for consideration via the AL process.

We conclude that SDG&E's request to file GTSR rate changes as part of the ERRA Forecast proceeding, rather than a Tier 2 AL, is a reasonable and expeditious approach to future GTSR rate changes. As SDG&E states, a Tier 2 AL filing would have to wait until the ERRA Forecast is approved which could result in delays to implementation. SDG&E's cost recovery request is approved, with the condition that the GTSR service list also be notified. PG&E and SCE are also

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<sup>49</sup> D.15-01-051, p. 130 states: "Any subsequent modifications to the rate credits or charges approved in this decision shall be proposed by the IOU in a Tier 2 advice letter."

<sup>50</sup> According to SDG&E, the GTSR program consists of the Renewable Power Rate, the Renewable Energy Value Adjustment, Average Commodity Cost Adjustment, WREGIS, CAISO GMC, Renewable Integration Cost and Power Charge Indifference Amount (PCIA) which are all reviewed and approved through the ERRA Forecast proceeding. See SDG&E Reply to Protests on AL 3168-E, at 5.

granted permission to use the ERRA Forecast to seek changes to their GTSR rates going forward, with the same notification requirement. Information and testimony regarding any GTSR rates proposals should be submitted as a separate chapter. SCE proposes to recover the costs of the GTSR program through an ERRA Review of Operations filing rather than an application as described in the 2015 GTSR Decision. Because we are rejecting SCE's proposal to terminate the program, this proposal is also rejected.

### **Other Party Proposals**

#### **Power Charge Indifference Adjustment**

The Power Charge Indifference Adjustment (PCIA) is the mechanism to ensure that the customers who remain with the utility do not end up taking on the long-term financial obligations the utility incurred on behalf of now-departed customers. Examples of such financial obligations include utility expenditures to build power plants and, more commonly, long-term power purchase contracts with independent power producers.

The 2015 GTSR Decision, while acknowledging that the methodology for calculating the PCIA was previously set forth in D.11-12-018, directed the IOUs to use the PCIA calculated for DA and CCA customers as a "reasonable proxy for the GTSR customer indifference charge"<sup>51</sup> since it is: (1) already commission-approved, (2) designed to take into account the cost of procurement from a customer who is no longer taking service from the same procurement sources as other ratepayers, and (3) all stakeholders have experience with the calculation of the PCIA, which is subject to annual review and adjustment as part of each IOU's ERRA proceeding.

The methodology, applicability, and inputs of the PCIA have recently been extensively re-examined, litigated and debated in Rulemaking (R.)17-06-026. D.18-10-019 included a percent-based price collar, which limits changes to the PCIA to 25% in either direction over the prior year. This change will provide more price stability in the upcoming years as the GTSR market matures.

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<sup>51</sup> 2015 GTSR Decision, Finding of Fact 100, at 169.

The Joint Solar Interests protested the PCIA mechanism as a program defect, asserting that its presence makes it unlikely for ECR project developers to offer an attractive value proposition for prospective customers. Absent CPUC action to remedy the defect, the Joint Solar Interests claim there will continue to be minimal participation in GT and no participation in ECR. The Joint Solar Interests provide no specific remedy, so it is assumed here from their comments that they seek to remove the PCIA mechanism from the GTSR program.

The Clean Coalition also noted in their protest that the Commission adopted practices that create a very real price disincentive to customer enrollment in the 2015 GTSR Decision: GTSR participants are subject to the PCIA, but receive no credit for avoided costs associated with appropriate deployment of distributed generation. The Clean Coalition asserts that the Commission erred in failing to account for ratepayer benefits associated with the program. This sentiment was further echoed in a paper by the Community Solar Value Project,<sup>52</sup> which was presented at the 2018 Developers Forum.

The Joint Solar Interests' proposal to remedy the PCIA mechanism would result in a different structure to the program and is therefore inappropriate for consideration in the AL process. Additionally, SB 43 requires that the GTSR program "be implemented in a manner that ensures nonparticipating ratepayer indifference for the remaining bundled service, direct access, and community choice aggregation customers". To 'remedy' the PCIA mechanism by removing it, as suggested by the Joint Solar Interests, would put the program out of alignment with the law.

Furthermore, the PCIA mechanism remains a reasonable and best-available proxy to retain the ratepayer indifference mandated by SB 43. The Joint Solar Interests' suggestion to remedy the PCIA mechanism for the GTSR program is therefore rejected.

In their comments to this draft resolution, the Joint Solar Interests point to another possible solution: the Commission could use the Distributed Energy

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<sup>52</sup> *Community Solar: California's Shared Renewables at a Crossroads*. Corfee, Powers, and Romano. October 2017. Available at: [www.renewableenergyworld.com/articles/2017/10/community-solar-california-s-shared-renewables-at-a-crossroads.html](http://www.renewableenergyworld.com/articles/2017/10/community-solar-california-s-shared-renewables-at-a-crossroads.html)

Resources Avoided Cost Calculator. Application of such a test could provide a better cost-based indifference charge rather than using the PCIA as a proxy.

The Commission finds that considering the Avoided Cost Calculator method could be a reasonable proxy for this cost component and merits further discussion. Updates to the Avoided Cost Calculator for 2020 are currently under review in the IDER proceeding, R.14-10-003. Once these methodologies are approved, the IOUs may, if applicable, use this tool to propose additional avoided costs which may have been overlooked, through a joint Tier 3 Advice Letter.

### **Locational Grid Benefits**

The Joint Solar Interests note that the GTSR program suffers because the full value of distributed solar are not reflected in the program bill credit calculations. Even though the CPUC acknowledged in D.15-01-005 that locational values should be included in the GT and ECR bill credits, that has yet to happen. The determination of locational values for distributed generation projects is occurring within the Distribution Resource Planning (DRP) proceeding (R.14-08-013) and, according to the Joint Solar Interests, there is no clear process for translating the values into bill credits once those values are available.

In its AL, PG&E proposes flexibility as to when the IOUs will be required to incorporate locational grid benefits into the GTSR program via a Tier 2 AL. Specifically, PG&E seeks to file the AL within 60 days of a decision in the R.14-08-013 or within 60 days of an implementation deadline established by the decision.

The Joint Solar Interests seek clarification on a process by which locational grid values can be incorporated into the GTSR program. PG&E seeks procedural flexibility on how to proceed when such values are ready for incorporation. PG&E's specific proposal on this matter does not result in a different structure to the program but is simply a procedural clarification. Therefore, PG&E's proposal on this matter is appropriate to be addressed in the AL process.

We approve PG&E's proposal for more flexibility on how to incorporate locational grid benefits into the GTSR program. As noted earlier, reflecting locational grid benefits in GTSR bill credits had already been recognized by the

CPUC as an action that should be taken when such values have been developed and are ready for incorporation.

We therefore direct the three IOUs to propose a joint methodology for incorporating locational grid benefits into the GTSR program via a Tier 3 AL within 60 days of a decision in R.14-08-013 or within 60 days of a deadline for LNBA implementation established by such a decision. This AL must address how the consensus methodology is consistent with other DRP-related ratemaking requests, as addressed in the CCA Parties' comments. The intent is to use these LNBA values only for the purposes of implementing the GTSR program, which is limited in size: it is not intended to establish precedent or become a long-term statewide methodology, though data and lessons learned may be used to inform future discussions. Any additional bill credits should be vetted through the Tier 3 AL process.

### **Securities Opinion**

The original design of the GTSR program required a developer of an ECR project to hire an AmLaw 100<sup>53</sup> law firm to issue a securities opinion to address litigation risk related to unregistered securities transactions. Developers identified this requirement as a major impediment to the development of ECR projects. In response to a Joint Utilities Petition for Modification the Commission adopted D.17-07-007, which loosened the securities opinion component by eliminating the requirement that it be issued by an AmLaw 100 firm. Instead, developers must still obtain a securities opinion, but it may be from an attorney who meets a three-part standard which requires that securities opinions come from a lawyer or firm with (1) eight years of experience in securities law, (2) be currently licensed by the California Bar, and (3) carry a minimum of \$10 million in professional liability coverage.

The Joint Solar Interests state in their protest that the new requirement adopted by the CPUC did not address the chief concern raised by SEIA, that it is unreasonable to assume that any law firm would provide the securities opinion

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<sup>53</sup> "AmLaw 100" refers to the American Lawyer Magazine's annual ranking of the 100 top-grossing U.S. law firms.

that is required and that no project has progressed far enough to test whether the new requirement is achievable.

In its reply, SDG&E argues that the Joint Solar Interests' request to revisit this issue is inappropriate because the new securities opinion requirement was recently resolved by the CPUC through a robust process set in motion by Joint Utilities Petition. SDG&E notes that SEIA was not only an active participant to the negotiations which resulted in D.17-07-007, it did not object to the petition or the subsequent ALs implementing D.17-07-007.

The Joint Parties do not provide a specific request for relief, so it is inferred from their comments that it seeks to eliminate the securities opinion requirement altogether. We find that the Joint Parties' request on this matter would result in a different structure to the program and is therefore inappropriate for the AL process. Additionally, we agree with SDG&E that this issue was just recently taken up and resolved by the CPUC through a formal process and is therefore inappropriate to re-visit again through an AL process. Furthermore, ECR projects as described here in the Current Program Status section with the requisite securities opinions have since been submitted, so the Joint Parties Interests' concern that the new requirement remains a barrier seems to be unfounded. The Joint Solar Interests' protest on this issue is therefore rejected.

### **The 2 MW Cap on a Location-by-Location or Customer Basis**

ForeFront requests that SDG&E be required to revise its ECR tariff to clarify that the 2 MW capacity cap be applied on a location-by-location basis rather than an enterprise-wide basis, as currently interpreted by SDG&E.

PU Code §2833(h) provides that, with certain exceptions, "a participating utility's green tariff shared renewables program shall not allow a customer to subscribe to more than two megawatts of nameplate generating capacity." Through their tariffs, the IOUs interpret "customer" in different ways.

PG&E's current ECR tariff states: "The subscription level for a single service agreement may not exceed the equivalent of 2 MW of load per year." Using a large retailer with several chain stores as a hypothetical example, this means that the retailer cannot have any of its stores in PG&E's service territory exceed 2 MW

of capacity to be eligible to enroll in GTSR. However, several of its stores could participate in GTSR with cumulative load exceeding 2 MW.

On the other hand, SDG&E's<sup>54</sup> and SCE's<sup>55</sup> tariffs, as approved through Resolution E-4734, define the applicability of the 2 MW limitation on an enterprise-wide customer level. This means that the aggregated load of a major retailer with chain stores shall not exceed 2 MW across all stores with the same name (or corporate parent) in the SCE or SDG&E service territories.

Thus, PG&E interprets 'single service agreement' as equivalent to service at a single customer location, which ForeFront asserts is the correct interpretation of PU Code §2833(h). ForeFront argues that limiting ECR subscription to a cumulative total of 2 MWs per customer irrespective of the number of the customer service locations does not serve any discernible purpose and discriminates against customers depending on how they organize their corporate structures.

Forefront further asserts that the intent of the Legislature was to limit customer subscriptions based on a location-by-location basis. ForeFront observes that §2833(i) prohibits a participating utility's tariff from allowing "any single entity or its affiliates or subsidiaries to subscribe to more than 20 percent of any single calendar year's total cumulative rated generating capacity." In contrast, both §2833(g) and §2833(h) establish "*customer*" limitations including the 2 MW limitation. ForeFront reasons that the Legislature intended that different meanings should be ascribed to the two terms; otherwise, it would have used the same term, either "customer" or "entity", in all three sections. In ForeFront's opinion, the only logical conclusion is that the Legislature intended that the limitations imposed on "customer" subscriptions would be imposed on a location-by-location (single service agreement) basis, while the limitation on entity (including "affiliate" or "subsidiary") subscriptions would be imposed on an enterprise-wide basis, consistent with the approved terms of PG&E's tariff.

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<sup>54</sup> SDG&E Schedule ECR, Revised Cal. P.U.C. Sheet No. 28269-E. "A single **customer** cannot subscribe to more than 2 MW of nameplate generating capacity for a calendar year."

<sup>55</sup> See Schedule GTSR-CR: "The maximum Customer Subscription served under this Schedule cannot exceed an amount equivalent to more than 2 MW of nameplate rated generating capacity from a CR Facility." Available at: [www.sce.com/NR/sc3/tm2/pdf/ce370.pdf](http://www.sce.com/NR/sc3/tm2/pdf/ce370.pdf)

In its reply, SDG&E argues that ForeFront's request to modify tariff language to specify that the single customer capacity is incorrect and would present inconsistencies between past and future enrollments. SDG&E predicts that ForeFront's proposed modification could result in the available program capacity being consumed by a few very large customers given SDG&E's smaller GTSR authorization of 59 MW.

ForeFront's proposal sheds light on differences in how the IOUs operate their GTSR programs. Addressing these differences in this resolution would result in more consistency among the IOUs, and would not result in a different structure to the program. We are persuaded by ForeFront's argument that the relevant statutory language in the relevant parts of PU Code §2833 draws critical distinctions to "entity", "affiliate" or "subsidiary" versus "customer" that inform project size limitations and support a 2 MW cap on a location-by-location basis.

PG&E's implementation of the 2 MW cap is correct and consistent with what we interpret to be the intent of the Legislature on this matter. We are not persuaded by SDG&E's concern that ForeFront's proposed modification could result in some of the remaining program capacity being consumed by a few corporate entities. As indicated in the Current Program Status section of this Resolution, of the 59 MW allocated to SDG&E only 17 MW remains, of which 10 MW are subject to the 1 MW Environmental Justice cap. The remaining 7 MW of SDG&E's unrestricted capacity is unlikely to be consumed by commercial ECR customers since we are retaining the existing residential and community interest requirements of the program.

ForeFront's proposal to modify SDG&E's tariffs on this matter is approved. We further direct SCE to modify their tariffs consistent with this understanding to eliminate any further confusion on this issue by developers. To avoid disruption to existing participants, solicitations in progress are grandfathered under the original interpretation but should cease this current practice upon approval of revised tariffs.

### **Backfilling for Attrition**

In its protest ForeFront states that the CPUC adopted a pricing rule that places substantial monetary risk on developers whose generating capacity is undersubscribed. Under this rule, following a three year ramp up period,

unsubscribed power will be purchased by the IOUs at the lower of the Default Load Aggregation Point (DLAP) price or the price set forth in the developer's PPA with the IOU.

ForeFront argues that this pricing scheme operates as a strong disincentive to developer participation in the ECR program if a project experiences customer attrition. This is because current program rules preclude developers from replacing customers in such circumstances. ForeFront argues that customer attrition happens as result of moving locations, discontinuing service, going bankrupt or ceasing operations.

ForeFront requests that the IOUs revise their ECR tariffs to allow new customer enrollments after the initial enrollment period sunset for the purpose of allowing developers to replace load lost due to attrition. Finally, ForeFront also requests that replacement of lost load be permitted for 20 years from the date of the enrollment sunset. In its reply, SDG&E agreed that this issue should be addressed.

We find that ForeFront's request on this matter would not result in a different structure to the program and is therefore appropriate to be considered in the AL process. We agree that customer attrition can happen in any program, including GTSR, and that it is reasonable for the developer to be able to replace that lost load within a 20-year timeframe from the initial enrollment sunset date. The IOUs are directed to make the requisite changes to their tariffs for this change.

## COMMENTS

Public Utilities Code section 311(g)(1) provides that this resolution must be served on all parties and subject to at least 30 days public review. Please note that comments are due 20 days from the mailing date of this resolution. Section 311(g)(2) provides that this 30-day review period and 20-day comment period may be reduced or waived upon the stipulation of all parties in the proceeding.

The 30-day review and 20-day comment period for the draft of this resolution was neither waived nor reduced. Accordingly, this draft resolution was mailed to parties for comments, and will be placed on the Commission's agenda no earlier than 30 days from today.

On September 10, 2019, Comments were submitted by the seven parties, as discussed below. Where practical, the numbering in this section pertains to specific points outlined in party comments.

## **TURN**

TURN raises concerns about the proposed use of a Tier 2 AL to implement a consensus methodology to calculate GTSR emissions associated with GTSR portfolios. TURN acknowledges that GHG accounting remains a moving target due to the evolution of the Power Source Disclosure Program in response to AB 1110: given the importance of this issue, and ongoing efforts by the state to align on a unified approach, the draft resolution's proposal would effectively deprive other stakeholders, such as TURN and environmental advocates, from participating in discussions relating to the methodology.

These other stakeholders continue to be very active in both CEC and CPUC proceedings devoted to this topic. Any proposal submitted for review should therefore be vetted with a broad group of stakeholders rather than as a bilateral agreement between project developers and utilities.

Instead of authorizing a bilateral discussion between two sets of stakeholders followed by a Tier 2 AL, the Resolution should direct the IOUs to conduct outreach to all interested stakeholders outside of the annual GTSR forum and file a Tier 3 AL for Commission review and approval. The Tier 3 designation recognizes the sensitive and important nature of this issue. Finally, any GHG accounting approach proposed in a Tier 3 AL should comport with either the Power Source Disclosure Program, the Clean Net Short methodology, or the Avoided Cost Calculator.

## **CCA Parties**

Development of a Greenhouse Gas Reporting Methodology raises policy and methodological issues that are already being addressed by the California Energy Commission pursuant to Assembly Bill 1110 and will be decided in the short term. Regardless of the final approach that the Commission pursues to determine Greenhouse Gas marketing methodology, there is good reason to elevate this matter to a formal proceeding or Tier 3 AL.

Locational Grid Benefits Rate adjustments for locational grid benefits must be consistent with existing law and otherwise non-discriminatory, and should be

addressed in conjunction with other Distributed Resource Plan requests. Some additional guidance needs to be added to the Draft Resolution to properly reflect and address locational grid benefits in the context of the GTSR program.

Development of rate proposals for locational values should be taken up in a formal rate proceeding, such as General Rate Cases, where closely related issues are already under consideration and parties can fully participate, develop an evidentiary record, and debate the merits of competing proposals. Considering such requests in a phase of the GRC would be consistent with other DRP-related ratemaking requests and provide a better venue to ensure that any rate benefits can be enjoyed by all distribution customers on an equal footing. At a minimum, such proposals should be taken up in a Tier 3 AL, where the parties can bring their research and perspectives to bear on the issues through submission of comments which must be considered by the CPUC through a resolution.

We accept this recommendation and modify the requirement, directing IOUs to propose any Locational Grid Benefit adjustments through a Tier 3 AL.

### **Joint Solar Interests**

The definition of "community" adopted in D.15-05-051 -- that customers either in the same municipality or county of the project or within ten miles of the customer's address -- is a significant impairment to the success of the ECR program. The Joint Solar Interests request that the annual GTSR forum be used as a venue to further discuss the ECR locational requirements, with an idea of reaching a consensus proposal that would retain the requirement, but make it less restrictive. If such a consensus is reached, then it can be implemented through the IOUs' submission of a joint Tier 2 AL.

The IOUs are directed to include this in the agenda of their next GTSR Forum. If such a consensus is reached, then it can be implemented through the IOUs' submission of a joint Tier 2 AL. If no consensus is reached, changes may be proposed through a Petition for Modification.

Locational Grid Benefits: D.15-01-051 directed the IOUs to propose a joint methodology for incorporating locational grid benefits into the GTSR program via a Tier 2 AL. Because a Decision has not issued, this Resolution grants the IOUs the flexibility for an additional opportunity, through a joint Tier 2 AL, to work with parties to propose a joint methodology. The Joint Solar Interests

would like to mandate that the IOUs to propose a unilateral methodology, despite the clear protests of the CCA parties and TURN.

This proposal is denied. See comments from TURN and the CCA Parties.

The use of PCIA as a proxy for cost indifference continues to be an imperfect solution for the statutory requirement that the costs of GTSR may not be borne by customers who did not elect GTSR service.

Since D.15-05-006, other tools have become available. The Commission may also consider the Distributed Energy Resources Avoided Cost Calculator and the approved cost effectiveness tests in the Standard Practices and Procedures Manual to make such a determination of non-participant impact and a charge to make those customers indifferent. Such a proposal must be considered through a Petition for Modification or a joint Tier 3 AL.

### **ForeFront Power**

Updates to Utility Tariffs: The Draft Resolution includes several essential clarifications which resolve uncertainties that affect its and other developers' ability to confidently develop GTSR projects. ForeFront Power urges the Commission to ensure that customers can understand these clarifications via clear and concise language in the tariff updates.

Specific tariff language updates are submitted to all members of the GTSR Service list through the AL process, and all input will be considered and addressed during the 20-day comment period.

Residential Requirement: Forefront requests that the Commission clarify that the change in the Expression of Interest (EOI) submission deadline applies to all pending projects for which the due date for EOI submissions has either not occurred or has been deferred, as well as to future projects.

The changes proposed through this resolution are contemplated on a moving-forward basis, and do not apply to past solicitations with signed PPAs. Likewise, in the interest of fairness, pending projects tied to solicitations in process for which the due date for EOI submissions has either not occurred or has been deferred are subject to the rules which were originally proposed at the

launch of the competitive process. Forefront's request is denied; however, as was the case prior to this resolution, renewables developers may work with participating IOUs to request an additional Extension of Time to Comply per Rule 16.6. of the Commission's Rules of Practice and Procedure.

Expressions of Community Interest Requirement: Forefront seeks clarification as to whether each individual GTSR project must maintain the 1/6 residential requirement following the initial expression of interest.

By statute, "not less than 100 megawatts shall be reserved for participation by residential class customers." So long as renewables developers manage enrollments for their community renewables customers, then it is incumbent on them to maintain the 1/6 requirement on an ongoing basis. Developers, not IOUs, manage the relationship between the customer and their ECR contract. If Developers only maintain commercial subscriptions and GT enrollments are also overwhelmingly subscribed from the non-residential sector, then the entire GTSR program would be inconsistent with the intent and letter of SB 43.

Ensure that All Projects Benefit from These Changes: ForeFront Power seeks to clarify that the Draft Resolution applies to all projects and asks that the utilities be directed to update existing PPAs with any changes needed to reflect these Program improvements.

The changes proposed through this resolution are contemplated on a going-forward basis, and do not apply to past solicitations with signed PPAs. Likewise, the Commission does not require that parties reach back to signed Power Purchase Agreements to mandate the 1/6 residential requirement on an ongoing basis, if that was not a mutual understanding at the time of the contract signing.

## **SDG&E**

Program Budget Approval: SDG&E seeks clarification that the budget approved through AL 3168-E is not restricted to the 2019-2023 timeframe. Because the GTSR program is no longer expected to sunset in 2023, this request is granted.

Expanding GTSR Eligibility to NEM Customers: SDG&E has withdrawn this request, citing high IT costs and higher-than-projected customer enrollment.

Subscription Percentage Adjustment: SDG&E has withdrawn this request, citing high IT costs and higher-than-projected customer enrollment. Accordingly, the Commission has modified the Resolution to reflect this change: if SDG&E is able to and chooses to make this modification with the new Customer Information System at a reasonable price, it may do so via Tier 2 AL, where reasonableness can be determined.

ECR Introduction of 1/6th Residential Load Requirement: The Draft Resolution adopts a residential load requirement of one-sixth (1/6th), which previously only applied to community interest demonstration and makes it a requirement for ECR program operation. SDG&E requests further clarification regarding residential load requirements for ECR projects.

We confirm and clarify the ongoing requirement in OP 4c of the Draft Resolution to indicate that moving forward, this demonstration of 1/6th residential load is an ongoing requirement, in alignment with the intent of SB 43. SDG&E's request to modify the Resolution's interpretation of the 1/6th residential load requirement is denied.

Year-Round ECR Procurement: SDG&E expresses reservations about the year-round ECR Procurement Timeframe proposals proposed by PG&E. However, this resolution does not necessarily change the ECR procurement at this time, but charts a procedural path forward for proposed changes.

Customer Capacity Limits: SDG&E agrees to modify their GTSR tariffs to apply a 2 MW cap.

Locational Grid Benefits: SDG&E's request to clarify the timing of any implementation letter ALs has been granted.

## **PG&E**

Subscription Percentage Adjustment: PG&E is no longer required to conform to this SDG&E-requested modification, which has been withdrawn.

Allowing NEM Participation in ECR: PG&E is no longer required to conform to this SDG&E-requested modification, which has been withdrawn.

ECR Procurement Timeline: PG&E's understanding as described through comments is accurate. The Commission does clarify that approval of an ECR

procurement timeline is not a condition precedent for launching the next GTSR solicitation; rather, the year-long ECR procurement timeframe proposed by PG&E is a potential long-term enhancement which may be pursued in parallel with a solicitation process.

Advisory Group Changes: Lastly, PG&E has noted that its advisory group has had limited participation, and requests to remove the requirement for PG&E's continuing quarterly advisory group meetings. This request is granted, with modifications, as discussed in OP 5. Members of this advisory group represent community members with a broad set of responsibilities with limited time and resources. This group shall now meet on an ad-hoc basis, but at least twice per year, to discuss potential changes over time, including subscription level options and rate charges.

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SCE

SCE raises concerns about the Commission's adoption of PG&E's Year-Round ECR Procurement proposal and SDG&E's NEM Participation in GTSR proposals. Both positions have been clarified and addressed earlier in this Resolution.

## **FINDINGS**

1. Ordering Paragraph (OP) 13 of CPUC Decision D.15-01-051 (2015 GTSR Decision) allows Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (IOUs) to file a Tier 3 Advice Letter (AL) to propose changes to their Green Tariff Shared Renewables (GTSR) program so long those changes are do not result in a different structure or a materially different capacity to the program. Otherwise, an application or petition for modification must be filed by the utility.
2. PG&E and SDG&E filed Tier 3 ALs in December 2017 which (a) sought to extend the program beyond its original January 1, 2019 sunset date and (b) proposed changes to the program.
3. SCE filed a Tier 3 AL in December 2017 which sought to terminate its GTSR program.
4. The IOUs' ALs were timely protested by TURN, the Solar Energy Industries Association and the Coalition for Community Solar (the Joint Solar Interests),

ForeFront Power, Marin Clean Energy, Peninsula Clean Energy, Redwood Coast Energy Authority, Silicon Valley Clean Energy Authority and Sonoma Clean Power Authority (collectively, the CCA Parties), the City and County of CCSF, Shell Energy, the Direct Access Customer Coalition (DACC) and California Choice Energy Authority (“CCEA”) (collectively, the “Joint Direct Access Parties”), the Coalition of California Utility Employees (CUE), the Office of Ratepayer Advocates now named the California Public Advocates, and Clean Coalition.

5. The IOUs filed timely replies to the protests.
6. Senate Bill 840 removed the GTSR program’s January 1, 2019 sunset date.
7. SCE’s proposal to terminate its GTSR program should be rejected since the program has no sunset date under state law.
8. PG&E’s and SDG&E’s proposals to extend their programs beyond the January 1, 2019 sunset date should be approved.
9. Consistent with OP 13 of the 2015 GTSR Decision, it is reasonable to assess whether each program change proposal results in a different structure or materially different capacity to determine if the change is appropriate for an AL process.
10. Eliminating the community interest requirement, a core feature of the GTSR program, would result in a different structure and is therefore inappropriate for consideration in the AL process.
11. Modifying the community interest requirement as proposed by SDG&E does not result in a different structure or a materially different capacity to the program.
12. It is reasonable to make the community interest requirement a precedent in the developer Power Purchase Agreement that must be demonstrated prior to the start of construction, rather than being demonstrated within 60 days of notification of contract award.
13. Removing the locational requirement would result in a different structure to the program, and is therefore inappropriate for consideration in the AL process.
14. Adjusting the ‘number of subscribers’ requirement and 50% residential requirement as proposed by PG&E does not result in a different structure or a materially different capacity to the program.

15. The 'number of subscribers' requirement is not necessary because the residential requirement ensures an appropriate mix of residential and non-residential participation.
16. It is reasonable to modify the residential requirement by moving the date of demonstration from 60 days after award notification to the time of commercial operation.
17. It is reasonable to modify the residential requirement by allowing developers to only demonstrate 1/6 of the load will come from residential customers.
18. If there are insufficient residential customers to meet the 1/6 load residential requirement, the developer may not enroll non-residential customers until residential enrollment is sufficient to meet the 1/6 requirement.
19. Parties are encouraged to seek legislative solutions for the 1 MW cap on environmental justice projects.
20. It is reasonable for SDG&E to remove Special Condition 12 from its GTSR and ECR tariffs.
21. OP 11 of D.16-05-006 prohibits IOUs and ECR developers from making specific claims about portfolio greenhouse gas (GHG) emissions in their marketing activities until a statewide methodology is adopted for calculating GHG emissions associated with a retail product.
22. There is insufficient record to grant the IOUs' request to use the California Air Resource Board's Voluntary Renewable Electricity Program (VREP) methodology for calculating GHG emissions.
23. It is reasonable to adopt a year-round procurement process for the ECR portion of the GTSR program.
24. It is not reasonable to allow the IOUs to consolidate their GTSR reports and filings as proposed by PG&E except for the 20-year forecast filing.
25. It not is reasonable to permit NEM customers to participate in the GTSR program.
26. It is reasonable to approve a 5-year GTSR budget of \$3,433,998 for SDG&E, which disallows the \$440,000 in IT expenses required for NEM integration.
27. It is reasonable for the IOUs to file GTSR rate changes as part of the ERRA Forecast proceeding.
28. Removal of the PCIA mechanism from the GTSR program would result in a different structure to the program and is therefore inappropriate for consideration in the AL process.

29. Removal of the PCIA mechanism from the GTSR program would also violate the statutory requirements of SB 43.
30. PG&E's request for procedural flexibility on incorporating locational benefits would not result in a different structure or materially different capacity to the program, and is therefore appropriate for consideration in the AL process.
31. The Joint Solar Interests' proposal to remove the securities opinion requirement would result in a different structure to the program and is therefore inappropriate for consideration in an AL process.
32. SCE and SDG&E shall modify their Tariffs to clarify that the 2 MW per-customer cap shall be applied on a per-site basis rather than an enterprise-wide basis.
33. Modifying tariffs to allow for Community Renewables projects to be backfilled through attrition as proposed by ForeFront does not result in a different structure or a materially different capacity to the program.
34. It is reasonable for the IOUs revise their ECR tariffs to allow new customer enrollments after the initial enrollment period for the purpose of allowing developers to replace load lost due to attrition.
35. It is reasonable to require PG&E's GTSR advisory group to meet at least twice per year in light of its limited participation to date.

**THEREFORE IT IS ORDERED THAT:**

1. SCE AL 3722-E proposes to terminate its GTSR program and is rejected on that basis.
2. PG&E AL 3902-G/5206-E and SDG&E AL 3168-E propose to extend their program beyond January 1, 2019, and are approved with modifications as described in this resolution.
3. SDG&E's 5-year (2019-2023) GTSR budget of \$3,433,998 is approved.
4. Within 30 days of the effective date of this resolution, PG&E, SCE and SDG&E shall file Tier 1 ALs that modify their GTSR program tariffs as follows:
  - a. PG&E, SCE, and SDG&E shall incorporate the community interest requirement for ECR projects as a precedent in the Power Purchase Agreement that must be met by the developer prior to the start of

- construction, rather than being demonstrated within 60 days of notification of contract award.
- b. PG&E, SCE, and SDG&E shall remove the 'number of subscribers' requirement (number of subscribers must equal the number of MWs) for ECR projects from the program requirements.
  - c. PG&E, SCE, and SDG&E shall modify the residential requirement for ECR projects (50% of customers in an ECR project must be residential and 1/6 of the load of the project must come from residential customers) as follows: demonstration of this requirement is no longer at 60 days after award notification but shall be demonstrated at the time of commercial operation. Demonstration of this requirement can be met by developers showing 1/6 of the load will come from the residential sector. If the developer does not have enough residential participants to meet the 1/6 load requirement, it shall cease enrolling non-residential participants until it has enough residential participants to meet the requirement.
  - d. PG&E, SCE, and SDG&E shall modify their ECR tariffs to allow developers to backfill for attrition within 20 years from the initial enrollment sunset date.
  - e. PG&E, SCE, and SDG&E may modify their GT tariffs to allow participants to adjust their subscription percentages twice per year, if it can be done at a reasonable cost.
  - f. SDG&E shall remove Special Condition 12 from its GTSR tariffs.
  - g. SDG&E shall remove the January 1, 2019 sunset date from its GTSR tariffs.
  - h. SDG&E's proposal to allow NEM customers to participate in the GTSR program is denied.
  - i. SDG&E and SCE shall modify their ECR tariffs by applying the 2 MW cap on a per-site basis rather than an enterprise-wide basis. This modification goes into effect upon approval of their AL filings. ECR participants who entered the program under the service agreement construct prior to the effective date of the ALs may continue to participate as such.
  - j. PG&E shall modify its GTSR tariffs to clarify that participating customers may continue to receive service under the program for a period of up to 20 years from their original subscription date.
5. Within 60 days of the effective date of this resolution, the IOUs shall provide notice of a hosted workshop with stakeholders to develop the details of a

year-round procurement process and revised Community Interest Requirement, and begin discussions for calculating GHG emission reductions associated with GTSR products. This workshop may be held in conjunction with the GTSR Program Forum. Following that workshop, if consensus is reached, utilities shall:

- a. File a joint Tier 2 AL to implement the year-round procurement process.
  - b. File a joint Tier 2 AL to implement the locational requirement embedded in the Community Interest requirement.
  - c. Host a workshop, then file a joint Tier 3 AL with a consensus methodology for calculating GHG emissions associated with their GTSR products.
6. PG&E's request to consolidate its GTSR reports and filings as described in Appendix 1 to this resolution is approved except for its request to file the 20-year forecast in its Annual GTSR Program Progress Report. SDG&E and SCE are directed to also consolidate their GTSR reports and filings as approved in this resolution.
  7. Within 30 days of the effective date of this resolution, PG&E and SCE shall file Tier 2 ALs with projected GTSR budgets for 2019 or 5-year budgets through 2023.
  8. PG&E, SCE and SDG&E may request GTSR rate changes as part of the ERRRA Forecast proceeding instead of filing a Tier 2 AL.
  9. PG&E, SCE and SDG&E shall propose a methodology for incorporating locational grid benefits into the GTSR program via a Tier 3 AL within 120 days of a decision in R.14-08-013 or within 120 days of a deadline for LNBA implementation established by such a decision.
  10. SDG&E's request to hold a minimum of one, rather than two, solicitations per year is granted, though the IOUs may continue to hold more solicitations.
  11. PG&E's advisory group shall no longer be required to meet quarterly but must meet at least twice per 12-month period on an as-needed basis when critical questions are to be raised. Electronic copies of the agenda and slide deck must be circulated prior to the meeting, and notes and action items must be submitted to this group following the meeting.

This Resolution is effective today.

I certify that the foregoing resolution was duly introduced, passed and adopted at a conference of the Public Utilities Commission of the State of California held on September 26, 2019; the following Commissioners voting favorably thereon:

/s/Alice Stebbins

ALICE STEBBINS

Executive Director

MARYBEL BATJER

President

LIANE M. RANDOLPH

MARTHA GUZMAN ACEVES

CLIFFORD RECHTSCHAFFEN

GENEVIEVE SHIROMA

Commissioners



**APPENDIX**

Reports			Contents	
Current Name	Proposed Name	Decision Location	Current Report Information	Proposed Report Changes
Monthly GTSR Program Progress Report	Quarterly GTSR Program Progress Report	D.15-01-051 at 140 and 182, OP 10	<ul style="list-style-type: none"> <li>Available capacity data and summary of advisory group activities, if any</li> </ul>	<ul style="list-style-type: none"> <li>Change cadence to quarterly</li> <li>Attach ECR Contract Report</li> <li>Attach Generation Transfer Report</li> </ul>
Quarterly ECR Contract Report		D.15-01-051 at 142-143	<ul style="list-style-type: none"> <li>Summary of ECR contracts to date and required documentation for new PPAs.</li> </ul>	<ul style="list-style-type: none"> <li>Attach to Quarterly GTSR Program Progress Report</li> </ul>
Generation Transfer Report		D.15-01-051 at 141 AL 4637-E-A at 24	<ul style="list-style-type: none"> <li>A summary of the transfer of RECs between RPS and GTSR.</li> </ul>	<ul style="list-style-type: none"> <li>Attach to Quarterly GTSR Program Progress Report</li> </ul>
Annual GTSR Program Progress Report	No change	D.15-01-051 at 141 and 182, OP 10	<ul style="list-style-type: none"> <li>Enrollment Reporting</li> <li>Cost of generation transferred between the RPS and GTSR Program</li> <li>GTSR Revenue and Cost Reporting</li> <li>Advisory Group Activities</li> <li>Marketing Report</li> <li>CCA Code of Conduct Report</li> <li>Supplier diversity</li> <li>CARE Enrollment</li> <li>Reports of fraud or misleading ads</li> <li>Enrollment figures for low-income customers and subscribers who speak a</li> </ul>	<ul style="list-style-type: none"> <li>Remove Marketing Report (move to MIAL)</li> <li>Attach Annual GTSR 20-Year Forecast</li> </ul>

			language other than English at home.	
<b>Reports</b>			<b>Contents</b>	
<b>Current Name</b>	<b>Proposed Name</b>	<b>Decision Location</b>	<b>Current Report Information</b>	<b>Proposed Report Changes</b>
Annual GTSR 20-year Forecast	Annual GTSR Program Progress Report	D.16-05-006 at 27-28 and 43, OP 7	<ul style="list-style-type: none"> <li>20-year forecast of GT and ECR bill credits and charges, required through 2018</li> </ul>	<ul style="list-style-type: none"> <li>Continue to publish after 2018</li> <li>Attach to Annual GTSR Program Progress Report</li> </ul>
Marketing Implementation Advice Letter (MIAL)	No change	D.15-01-051 at 180, OP 6	<ul style="list-style-type: none"> <li>Assessment of the effectiveness of the prior year's marketing campaign</li> </ul>	<ul style="list-style-type: none"> <li>Include Marketing Report to assess effectiveness of current year's marketing campaign</li> </ul>
Annual Tier 2 Advice Letter Regarding Rate Design	ERRA Forecast Proceeding	D.15-01-051 at 141	<ul style="list-style-type: none"> <li>Summarize true-up of costs and revenue against charges and credits</li> </ul>	<ul style="list-style-type: none"> <li>Remove Annual Tier 2 Advice Letter Regarding Rate Design (Incorporate into ERRA Forecast Proceeding)</li> </ul>
GTSR Chapter of ERRA Forecast Proceeding	No change	Pub. Util. Code 454.5(d)(3)	<ul style="list-style-type: none"> <li>Requests approval for electric procurement cost forecast and Non-Bypassable Charges for departing load customers</li> </ul>	<ul style="list-style-type: none"> <li>Add Annual GTSR Rate Design request</li> </ul>

Other filings with no requested changes:

Reports		Contents
Name	Decision Location	Report Information
CARE Report	D. 15-01-051 at 132	<ul style="list-style-type: none"> <li>Summary of average bill discounts (in percentage terms) of CARE-enrolled GTSR customers in annual CARE/ESA program reports.</li> </ul>
RPS Plan	D.15-01-051, OP 9	<ul style="list-style-type: none"> <li>Each IOU shall use its annual Renewables Portfolio Standard Procurement Plan filing to update its progress toward its Green Tariff Shared Renewables goal.</li> </ul>
RPS Compliance Report	D. 12-06-038, OP 34	<ul style="list-style-type: none"> <li>PG&amp;E's progress towards achieving the statutory RPS compliance targets, as implemented by the Commission. Provide an update on the RPS-eligible projects designated for the GTSR Program.</li> </ul>
VRE Allowance Filing	D. 15-01-051 at 51	<ul style="list-style-type: none"> <li>Application to the California Air Resources Board for retirement of Cap-and-Trade Program greenhouse gas emissions allowances through the Voluntary Renewable Electricity (VRE) program.</li> </ul>