

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

Order Instituting Rulemaking to Develop a Successor  
Tariff to Existing Net Energy Metering Tariffs  
Pursuant to Public Utilities Code Section 2827.1, and  
to Address Other Issues Related to Net Energy  
Metering.

R.14-07-002  
Filed July 10, 2014

**COMMENTS OF THE CALIFORNIA ENERGY STORAGE ALLIANCE  
ON THE DECISION ADOPTING SUCCESSOR TO NET  
ENERGY METERING TARIFF**

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January 7, 2016

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In accordance with Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the California Energy Storage Alliance (“CESA”)<sup>1</sup> submits these comments in response to the *Proposed Decision Adopting Successor to Net Energy Metering Tariff*, issued by Administrative Law Judge Anne E. Simon on December 15, 2015 (“Proposed Decision”).

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<sup>1</sup> 1 Energy Systems Inc., Abengoa, Advanced Microgrid Solutions, AES Energy Storage, Aquion Energy, ARES North America, Brookfield, Chargepoint, Clean Energy Systems, CODA Energy, Consolidated Edison Development, Inc., Cumulus Energy Storage, Customized Energy Solutions, Demand Energy, Duke Energy, Dynapower Company, LLC, Eagle Crest Energy Company, East Penn Manufacturing Company, Ecoult, ELSYS Inc., Energy Storage Systems, Inc., Enersys, EnerVault Corporation, Enphase ENERGY, EV Grid, Flextronics, GE Energy Storage, Green Charge Networks, Greensmith Energy, Gridtential Energy, Inc., Hitachi Chemical Co., Ice Energy, IMERGY Power Systems, Innovation Core SEI, Inc. (A Sumitomo Electric Company), Invenergy LLC, K&L Gates, LG Chem Power, Inc., LightSail Energy, Lockheed Martin Advanced Energy Storage LLC, LS Power Development, LLC, Manatt, Phelps & Phillips, LLP, Mitsubishi Corporation (Americas), Mobile Solar, NEC Energy Solutions, Inc., NextEra Energy Resources, NRG Solar LLC, OutBack Power Technologies, Panasonic, Parker Hannifin Corporation, Powertree Services Inc., Primus Power Corporation, Princeton Power Systems, Recurrent Energy, Renewable Energy Systems Americas Inc., Rosendin Electric, S&C Electric Company, Saft America Inc., Sharp Electronics Corporation, Skylar Capital Management, SolarCity, Sony Corporation of America, Sovereign Energy, STEM, SunEdison, SunPower, Toshiba International Corporation, Trimark Associates, Inc., Tri-Technic, Wellhead Electric. The views expressed in these Comments are those of CESA, and do not necessarily reflect the views of all of the individual CESA member companies. (<http://storagealliance.org>).

**I. INTRODUCTION.**

CESA appreciates the opportunity to comment on the Proposed Decision adopting a successor to the net energy metering (“NEM”) tariff. CESA’s comments on the Proposed Decision are narrowly focused on issues applicable to energy storage ensuring that energy storage systems paired with NEM-eligible generators are not burdened with additional and discriminatory rate treatment or interconnection charges and fees under the successor tariff. It is important that such clarifications on rules and rates for solar-plus-storage systems be made in the Proposed Decision.

**II. RULES AND RATES FOR SOLAR-PLUS-STORAGE ARE INSUFFICIENTLY ADDRESSED IN THE PROPOSED DECISION.**

CESA has concerns regarding how the implementation of the NEM successor tariff may impact solar-plus-storage systems. In particular, CESA is concerned that absent additional clarification, the transition to the NEM successor tariff will open energy storage systems paired with solar generation to additional interconnection charges and fees, as well as additional and discriminatory rate elements, effectively forcing re-litigation of issues that were fully and fairly addressed in D.14-05-033.

NEM rules should better accommodate and promote solar-plus-storage combinations. Public Utilities (“P.U.) Code Section 2827.1(b)(1) required that the NEM successor tariff continue sustainable growth of “customer-sited renewable distributed generation,” which includes energy storage in accordance with Public Utilities Code Section 769(a). Because the Proposed Decision seemingly defers solar-plus-storage consideration to the Residential Rate Reform (R.12-06-013) proceeding, and the quantification of distributed energy system benefits to the Distributed Resources Plan (R.14-08-013) and Integrated Distributed Energy Resources

(R.14-10-003) proceedings, there is a risk that appropriate NEM tariff designs for solar-plus-storage may not occur. Additionally, findings in this proceeding on solar-plus-storage would likely have informed these subsequent proceedings, bettering the consideration of NEM solar-plus-storage resources in providing reliability and grid services, among others.

**III. SOLAR-PLUS-STORAGE SYSTEMS SHOULD NOT BE SUBJECTED TO DIFFERENT RATE TREATMENT OR DIFFERENT INTERCONNECTION REQUIREMENTS UNDER ANY NEM SUCCESSOR TARIFF.**

CESA is concerned about the lack of clarity on how energy storage systems paired with NEM-eligible generators will be treated under the NEM successor tariff. Clarification on the treatment of such systems under the NEM successor tariff is urgent as some IOUs may reach their cap early in 2016, putting into effect the NEM successor tariff. Without clarification, CESA is concerned that solar-plus-storage systems will be treated differently from standalone NEM generators, and be subjected to additional charges, fees, or different rate elements.

The Commission determined in D.14-05-033 that because energy storage systems qualify as an “addition or enhancement” to a NEM-eligible resource, as defined in the California Energy Commission’s (“CEC”) Renewables Portfolio Standard (“RPS”) Guidebook, they should be treated as part and parcel of those systems and therefore subject to the same treatment as the NEM-eligible system with which they are paired.<sup>2</sup> As effectively part of the NEM-eligible generation, the Commission reasonably held that the exemptions that NEM systems enjoy under California Law would apply to energy storage systems when those systems qualify as an addition or enhancement to the NEM-eligible generation. CESA submits that regardless of the transition

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<sup>2</sup> D.14-05-033, pg. 25 “We agree that because storage paired with a NEM-eligible generating facility is an addition or enhancement of that system, it should be treated as part of that system and subject to the same program rules.”

from the current NEM regime to the NEM successor tariff, the same underlying logic holds, since the successor tariff does not change the CEC's determinations that energy storage systems are, under specified configurations, additions or enhancements. Given this, solar-plus-storage systems should be treated the same as systems that do not include an energy storage element under the NEM successor tariff. In other words, different rate elements or additional interconnection fees should not apply for energy storage systems paired with NEM-eligible generators relative to what would apply for these NEM-eligible generators without energy storage.

In addition to the regulatory obligation to treat these systems equivalently, CESA also believes there is a strong policy case for ensuring the IOUs continue to treat energy storage paired with solar generation in a manner that is consistent with the findings of D.14-05-033. The Proposed Decision, if adopted, requires NEM customers interconnecting under the NEM successor tariff to take service under a TOU rate with no option to opt out. Energy storage can play an important role in helping customers manage their energy usage within a TOU rate structure. Without clarifications that ensure equal treatment of energy storage systems paired with NEM-eligible generators under the NEM successor tariff, the ability of customers to deploy energy storage with these systems may be impaired, particularly to the degree that the IOUs seek to re-impose interconnection application fees and excessive metering costs. Indeed, prior to the issuance of D.14-05-033, the inclusion of an energy storage system with a solar system resulted in customers paying an incremental \$800 application fee as well as additional metering costs of several thousand dollars. It was only after prolonged litigation of this issue and the ultimate issuance of D.14-05-033 that these additional costs were rejected and appropriately contained.

Given past experience, CESA strongly encourages the Commission to pre-empt any potential to roll back of these gains as part of the transition to the NEM successor tariff. A re-litigation of these issues would waste Commission and stakeholder resources, and would also be at cross-purposes with the Commission's efforts to enable customers to embrace energy management technologies like energy storage. Simply affirming the central holding of D.14-05-033 and its continued applicability under the NEM successor tariff would provide some much needed certainty.

**IV. THE NEM SUCCESSOR TARIFF AND RELATED INTERCONNECTION RULES SHOULD AFFIRM AND CLARIFY THAT SELECT COSTS AND FEE EXEMPTIONS SHOULD APPLY TO CAPACITY ADDITIONS TO ALREADY EXISTING NEM-ELIGIBLE FACILITIES.**

Of the many existing NEM customers that operate under a third-party power purchase agreement, some may consider NEM system additions, especially with approval of the Proposed Decision, extending NEM eligibility to customer-sited facilities larger than 1 MW in system size. Further, in some cases, NEM-eligible customers may choose to increase NEM system capacity from a different developer or party, *e.g.*, when the least-cost bidder for the additional capacity differs from the developer of the original capacity. Currently, interconnection agreements do not accommodate such ownership models, since they prohibit extensions of the NEM-eligible facility's exemptions from interconnection costs and non-bypassable and standby charges. CESA recommends that the Proposed Decision provide clarifications to assure that NEM exemptions can and will extend logically to such capacity additions. Specifically, CESA recommends that the Commission's final decision include clarifications that NEM-eligible customers that opt to install additional NEM capacity, whether in the form of energy storage or onsite generation, from more than one party be subject to the same rate treatment and

interconnection requirements as NEM-eligible customers that opt to install additional NEM-eligible capacity from a single party.

**V. CONCLUSION.**

CESA appreciates the opportunity to submit these comments on the Proposed Decision and looks forward to continuing to work with the Commission and stakeholders in this very important proceeding.

Respectfully submitted,



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Date: January 7, 2016