

PUBLIC UTILITIES COMMISSION505 VAN NESS AVENUE
SAN FRANCISCO, CA 94102-3298

July 16, 2013

The Honorable Robert B. Weisenmiller
Chair
California Energy Commission
1516 Ninth Street, MS-33
Sacramento, CA 95814



The Honorable Andrew McAllister
Commissioner
California Energy Commission
1516 Ninth Street, MS-31
Sacramento, CA 95814

Re: Docket No. 13 – IEP – 1 – Comments on Petition for Societal Cost-Benefit Evaluation of California’s Net Energy Metering Program

Dear Chair Weisenmiller and Commissioner McAllister,

On June 5, 2013 the CEC received a petition from the American Lung Association and several other parties (Petitioners) requesting that the CEC conduct a societal cost-benefit evaluation of the net energy metering (NEM) program. The Energy Division of the CPUC would like to provide the following reply comments to the Petition.

The Petitioners note that a NEM cost-effectiveness study is currently underway in the CPUC’s California Solar Initiative and Distributed Generation proceeding (R.12-11-005), which is due to the Legislature by October 1 pursuant to AB 2514 (Chapter 609, Statutes of 2012). After taking comment from many parties, the Energy Division decided to define the scope of work for the NEM study using a ratepayer impact methodology, consistent with the CPUC’s 2010 NEM study. This methodology is designed to provide information on the electricity-related costs and benefits of NEM to non-participating customers. Petitioners request that the Energy Commission conduct a societal cost-benefit analysis that would complement the E3 study by including various factors, such as public health benefits, specifically excluded by the ratepayer impact methodology approved by the CPUC for use in its NEM study.

Rather than conducting a separate analysis at the CEC, the Energy Division would like to suggest an alternative for the CEC’s consideration. Conducting multiple NEM studies at multiple agencies, using multiple assumptions and inputs will only add confusion to the discussions of the cost and benefits of NEM. The study underway for the CPUC has been developed in a very open process where all interested parties have had an opportunity to review the scope of the study and the assumptions that will be used. The parties were given the opportunity to comment on the scope and assumptions, and changes were made based on those comments.

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Once the study is complete, parties will always have the ability to petition the CPUC to conduct additional analysis on the benefits of net energy metering. We believe it may be more efficient for the petitioning parties and other stakeholders to focus their efforts on the CPUC process instead of dividing their attention across two different proceedings at two different state agencies. Of course, we would welcome the participation of the CEC in this process.

If the CEC decides to grant the Petitioners' request, in accord with the Division of Ratepayer Advocates, we would also urge the CEC staff to collaborate with the Energy Division and to use a methodology that is consistent with the CPUC's Standard Practice Manual for demand-side resources and generally accepted cost-benefit principles. This would facilitate the incorporation of the CEC's analysis into the ongoing CPUC process.

We appreciate the opportunity to comment, and we look forward to working with the Energy Commission on this and other distributed generation matters.

Sincerely,

A handwritten signature in black ink that reads "Edward Randolph". The signature is written in a cursive, slightly slanted style.

Edward Randolph
Director, Energy Division
California Public Utilities Commission

CC: California Energy Commission Docket Office - Docket No. IEP-13-1