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IREC Comments re Draft Staff Report

Additional submitted attachment is included below.

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September 28, 2016

California Energy Commission
Dockets Office, MS-4
Re: Docket No. 16-0IR-02
1516 Ninth Street
Sacramento, CA 95814-5512

Re: Interstate Renewable Energy Council, Inc.'s Comments on the Draft Staff Report Docket 16-OIR-02

Dear Commissioners:

In response to the Commission's September 1, 2016 *Notice of Energy Commission Workshop Regarding Barriers of Low-Income and Disadvantaged Communities to Energy Efficiency and Renewable Energy*, the Interstate Renewable Energy Council, Inc. (IREC) submits these comments regarding the Draft Staff Report, *A Study of Barriers and Solutions to Energy Efficiency, Renewables, and Contracting Opportunities Among Low-Income Customers and Disadvantaged Communities*.

IREC (www.irecusa.org) is a 501(c)(3) non-partisan, non-profit organization working nationally to expand and simplify consumer access to reliable and affordable distributed clean energy. IREC refers the Commissioners and interested stakeholders to our prior comments filed in this docket on August 25, 2016 for a more detailed description of the organization and its work, including IREC's *Shared Renewable Energy for Low- to Moderate-Income Customer: Policy Guidelines and Model Provisions* (*LMI Guidelines*) and "CleanCARE" proposal.[1]

IREC commends Commission Staff on the thoroughness and thoughtfulness of the Draft Staff Report. IREC believes the report captures and accurately reflects the wide range of barriers facing low-income and disadvantaged communities as it relates to their participation in energy efficiency and renewable energy programs. In addition, we believe the solutions to address these barrier are comprehensive.

In these comments, we primarily seek to clarify certain details of our CleanCARE proposal, referenced on page 48 of the Draft Staff Report, and in footnotes 93 and 94. The Draft Report seems to conflate IREC's CleanCARE proposal with the report by Mueller and Ronen, also cited on page 48, which speaks more broadly to using ratepayer assistance funds to support efficiency and solar measures for low-income households. To clarify any confusion, IREC's CleanCARE proposal provides a detailed framework that speaks specifically to shifting CARE funds, and CleanCARE envisions investment only in shared (or community) solar projects, at least initially.

Additionally, IREC suggests that the Draft Staff Report could make more clear that CleanCARE is currently under consideration in both the California Alternate Rates for Energy (CARE) and net energy metering (NEM) proceedings at the California Public Utilities Commission, although these two proceedings are mentioned separately, in the last sentence on

[1] Available at www.irecusa.org/publications/shared-renewable-energy-for-low-to-moderate-income-consumers-policy-guidelines-and-model-provisions.

page 48 and in footnote 93, respectively. A final decision in the CARE proceeding is expected in the near term, prior to January 1, 2017. The NEM proceeding is ongoing. IREC also clarifies that CleanCARE would fall under both existing NEM and CARE statutes, but the question of legality under current law comes in relation to the current CARE statutes, not the NEM statute.

Finally, footnote 94 describes IREC's projected bill savings for a Southern California Edison customer under CleanCARE. IREC clarifies that our calculations assume a Renewable Market Adjusting Tariff (ReMAT) rate as the cost of solar for illustrative purposes, but the model in practice would not require a solar provider to use that rate or sign a ReMAT agreement. Rather, a provider would sign a separate, non-ReMAT agreement based on its winning bid in the CleanCARE solicitation. Additionally, we note that our calculations do not incorporate the Power Charge Indifference Adjustment (PCIA) as a cost because NEM customers remain utility customers and do not pay the PCIA, and CleanCARE would rely on NEM bill credits to provide value to participants. Therefore, we suggest that mention of the PCIA may not be relevant here. We also note that our calculations do incorporate assumptions regarding distribution and administrative costs.

IREC respectfully requests the modification of the two paragraphs on page 48 and the associated footnotes to clarify CleanCARE's contents and status. IREC provides our suggested text attached to this letter.

Additionally, in the citation to IREC's *LMI Guidelines* on page 124 of the Draft Staff Report, IREC suggests that, in addition to or instead of a hyperlink to the U.S. Department of Energy, the Report include a hyperlink to IREC's web site.[2]

IREC appreciates the opportunity to submit these written comments. We continue to believe that shifting CARE funds under CleanCARE or a similar model presents a promising policy mechanism to promote access to renewable energy, and we appreciate the inclusion of this recommendation in the Draft Staff Report. IREC remains available to provide additional information or answer questions from the Commission, its Staff, or other stakeholders.

Very truly yours,

SHUTE, MIHALY & WEINBERGER LLP

Erica S. McConnell

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[2] IREC's main landing page for the *LMI Guidelines* is: www.irecusa.org/publications/shared-renewable-energy-for-low-to-moderate-income-consumers-policy-guidelines-and-model-provisions. A .pdf file of the report can be found at: www.irecusa.org/publications/shared-renewable-energy-for-low-to-moderate-income-consumers-policy-guidelines-and-model-provisions.

Attachment: IREC Suggested Changes to Draft Report (p. 48)

Rate Setting and Regulatory Challenges
CARE Flexibility

Mueller and Ronen (2015) suggest that a portion of funds utilities collect for low-income rate assistance (e.g., CARE) be reallocated toward energy reduction programs focused on efficiency and solar for low-income customers.

IREC points to a model it developed that demonstrates a customer could achieve considerable utility bill savings by redirecting CARE funds to a community solar project.[93] This option would allow low-income customers to redirect CARE funds from their CARE rate discounts toward purchasing community solar ~~renewable~~ generation from a 3rd party provider ~~(such as a community solar project)~~, selected by the utility through a competitive bidding process. Program participants would move to a standard rate for their rate class, and offset a portion of their monthly bills through bill credits from their share of the community solar project.[94]~~[93] IREC points to a model it developed that demonstrates a customer could achieve considerable utility bill savings by redirecting CARE funds to a community solar project.[94]~~This proposal is currently under consideration in the CPUC's CARE-ESA and net energy metering (NEM) proceedings.

~~[93]~~ [94] This proposal is currently being considered under existing NEM and CARE statutes. If CPUC determines that this proposal is not allowable, a modification of the CARE statute may be needed. See IREC, written comments to the SB 350 Low-Income Study Workshop, August 25, 2016, http://docketpublic.energy.ca.gov/PublicDocuments/16- OIR-02/TN212949_20160825T143725_IREC's_Comments_on_Barriers_of_LowIncome_and_Disadvantaged_Comm.pdf.

~~[94]~~ [93] Under IREC's CleanCARE proposal, a typical CARE customer in the SCE service territory could save 24% (and potentially more in the future) on the utility bill. IREC's modeling assumes ~~that the community solar project will sell electricity to the utility under~~ a ReMAT-based price for solar, although in practice the utility would pay the price associated with the winning bid(s) from its competitive solicitation. ~~agreement, and it does not factor in exit fees such as PCIA~~. See IREC, 2015, *Proposal for Alternative for Growth in Disadvantaged Communities of the Interstate Renewable Energy Council, Inc.*, http://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M154/K225/154225576.PDF.

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