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San Francisco Public Utilities Commission Comments on 15-day Express Terms, Title 24 - 2022 Update

Additional submitted attachment is included below.

San Francisco Water Power Sewer
Services of the San Francisco Public Utilities Commission
Hetch Hetchy POWER

525 Golden Gate Avenue
San Francisco, CA 94102
T 415.554.0725
HHPower@sfwater.org

July 28, 2021

California Energy Commission
Chair David Hochschild
Commissioner Andrew McAllister
Efficiency Division – Building Energy Efficiency Standards Program
Docket No. 21-BSTD-01
1516 9th Street
Sacramento, CA 95814-5512

Re: 15-day Express Terms 2022 Building Energy Efficiency Code (Title 24, Part 6)

Dear Chairman Hochschild, Commissioner McAllister, and California Energy Commission Staff,

Hetch Hetchy Power, the City and County of San Francisco's publicly owned utility, operated by the San Francisco Public Utilities Commission, appreciates the opportunity to comment on the 15-day Express Terms for the 2022 Energy Code Update. Hetch Hetchy Power supports the adoption of measures that will accelerate the deployment of technologies needed to achieve California's 2030 greenhouse gas reduction mandates. Hetch Hetchy Power commented on the item below in response to the 45-day Express Terms. However, the comment was not directly addressed in the 15-day Express Terms. Because of the importance of the issue and its impact to our ratepayers, Hetch Hetchy Power respectfully requests that the following modification be adopted.

Add a new exception to the on-site solar and battery requirements (Section 140.10) for buildings served by utilities with technical and legal constraints that make offering Net Energy Metering ("NEM") compensation infeasible (proposed language presented below). Hetch Hetchy Power is proposing a new exception that is specific and limited so that it will not serve or be interpreted as a disincentive to complying with the Section 140.10 requirements.

Discussion

In situations where NEM compensation cannot be offered to customers due to technical infeasibility, on-site solar and battery storage system requirements will not be cost-effective and should thus not be required.

It is widely understood that the on-site solar and battery storage measure is not cost-effective for customers who are not compensated for the excess generation their system exports back to the grid. Essentially, without an assumed NEM compensation benefit, the on-site solar and battery storage requirement would not be cost-effective over its lifetime. Before adopting a new measure, the Energy Commission must demonstrate that the measure is cost-effective over the 30-year period of analysis.[1] An exception to the requirement for specific customers for whom it is known that the measure will not be cost-effective should be adopted for Section 140.10(a).

Hetch Hetchy Power cannot feasibly provide NEM compensation to many of its customers for the specific and technical conditions explained below. Instead of having to rely on hoping that their utility applies for an exemption and that an after-the-fact review of Hetch Hetchy Power's circumstances will yield an exemption, Hetch Hetchy Power's customers should be exempt from the on-site solar and battery storage requirements upfront and as part of the adoption of the 2022 Energy Code Update.

An exception written into the code section in addition to the five other existing exceptions included in the proposed code update is the best approach for two reasons:

1) It is counterproductive to require customers for whom it is already known that on-site solar and battery systems will not be cost-effective to have to install on-site solar and battery systems unless their utility succeeds in applying for an exemption; and

2) The Section 10-109(k) application filed by a public entity must recommend limitations to the scope of the exemption determination being requested, but Hetch Hetchy Power is subject to the terms of three different interconnection agreements with two different entities. These interconnection agreements have different export limitations and

[1] *Building Energy Efficiency Measure Proposal to the California Energy Commission for the 2022 Update to the California Energy Code, Title 24, Part 6 Building Energy Efficiency Standards Nonresidential PV and Battery Storage*, p. 65.

interconnection fees that would apply to different types of buildings located in different areas, making a narrow scope very difficult to bundle into a single application.

Although the Section 10-109(k) application for exemption process may seem a good fit for Hetch Hetchy Power's customers at first sight, a more detailed examination of the circumstances in which Hetch Hetchy Power operates illustrates that the technical and legal constraints in place make the Section 10-109(k) process ill-fitting.

Hetch Hetchy Power does not own most of the distribution system it uses to serve its customers. The City and County of San Francisco has entered into different interconnection agreements to enable Hetch Hetchy Power to serve its different customers. The majority of Hetch Hetchy Power's customers are served on Pacific Gas and Electric Company's ("PG&E") distribution system and are spread out across PG&E's distribution system. This arrangement is subject to the rates and terms of PG&E's federally-regulated Wholesale Distribution Tariff ("WDT") and the City and County of San Francisco's Service Agreement (Service Agreement No. 275) under the WDT. Under the WDT, PG&E decides, on a case-by-case basis depending on the location and size of the project, whether generation will be allowed to export onto its grid, which is necessary in order for Hetch Hetchy Power to offer compensation to its customers. In addition, PG&E's electric tariff for Net Energy Metering Service for City and County of San Francisco Municipal Load Served by Hetch Hetchy and Solar Generators ("NEMCCSF") compensates Hetch Hetchy Power for exports from only a limited set of customers.

There are other limited areas where Hetch Hetchy Power does own the distribution system. Three different types of agreements are in place that impact Hetch Hetchy Power's ability to offer NEM compensation benefits to the customers it serves on its own distribution system. This is because Hetch Hetchy Power's distribution system is non-contiguous, and each of the three types of agreements pertains to a different area where Hetch Hetchy Power owns the distribution system. Some of the service Hetch Hetchy Power provides is subject to the terms of the Transmission Interconnection Agreement and Transmission Facilities Agreements Between City and County of San Francisco and Pacific Gas and Electric Company ("Transmission Facilities Agreement") under PG&E's Transmission Owner Tariff, for interconnection at the transmission level. Another area is subject to the Interconnection Agreement with the Port of Oakland. And a third area is subject to PG&E's Wholesale Distribution Tariff, similar to the case for individual Hetch Hetchy

Power customers served on PG&E's distribution system. These agreements limit the amount of generation that can be installed in each area where Hetch Hetchy Power owns the distribution system. Hetch Hetchy Power can only offer NEM compensation benefits until the different limits for each area are met. After the limit is reached, no additional on-site generation from any new building would be able to be installed without further studies and approval from other affected utilities.

Because of the different constraints applicable to the various customer situations described above, filing multiple different applications for exemption for each limited set of customers is burdensome from a regulatory perspective. Furthermore, even if Hetch Hetchy Power applied for exemptions for each of the various different customer types in a single application, by not including an up-front exception for a known constraint, the Energy Commission would be increasing risk for both ratepayers and utilities. It would not only be adding unnecessary regulatory risk to the operation of a small publicly owned utility who is unable to, for technical and legal reasons, provide NEM compensation benefits to certain customers but also be burdening new building ratepayers with the requirement to install on-site solar and battery systems, even if they will not be compensated for their generation, unless their utility applies for and is granted an exemption.

For these reasons Hetch Hetchy Power recommends the following new exception:

EXCEPTION 6 to Section 140.10(a). Buildings served by a utility that is unable to feasibly offer a NEM compensation benefit due to the terms of that utility's interconnection agreements, which were entered into before the adoption of Section 140.10(a).

Hetch Hetchy Power thanks the Energy Commission for its consideration of these comments and requests adoption of the recommendation proposed herein.

Sincerely,

Barbara Hale
Assistant General Manager, Power
San Francisco Public Utilities Commission