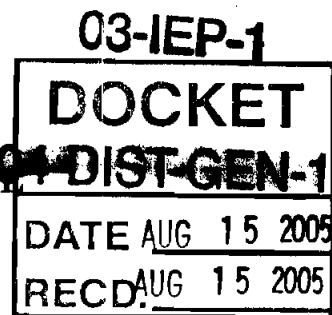


BEFORE THE PUBLIC UTILITIES COMMISSION OF THE  
STATE OF CALIFORNIA



Order Instituting Rulemaking Regarding	)	Rulemaking 04-03-017
Policies, Procedures and Incentives for	)	(Filed March 16, 2004)
Distributed Generation and Energy	)	
Resources	)	CEC Docket No. 04-DIST-GEN-1
	)	and 03-IEP-1

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**COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)**  
**ON DRAFT DECISION ADOPTING CHANGES IN INTERCONNECTION**  
**RULES FOR DISTRIBUTED GENERATION**

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Dated: **August 15, 2005**

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**I.**

**INTRODUCTION**

Pursuant to Article 19 of the Commission's Rules of Practice and Procedure, Southern California Edison Company (SCE) submits the following comments on ALJ Malcolm's Draft Decision Adopting Changes in Interconnection Rules for Distributed Generation (Draft Decision). SCE appreciates the opportunity to comment on the Draft Decision, and states that it supports the majority of the Draft Decision's findings. In particular, SCE supports the Draft Decision's provisions concerning dispute resolution and interconnection application review fees. SCE also appreciates the consideration afforded ratepayers in implementing combined technology applications, and supports the provisions in the Draft Decision that protect against inequitable cost shifting.

SCE does, however, propose the following modifications to the Draft Decision:

- The Commission should require Net Generation Output Metering (NGOM) for all DG interconnecting to the utility grid. Alternatively,

the Commission should defer any tariff changes concerning NGOM until the State's need for accurate generator output data can be gauged.

- Rather than deprive the utilities and the State of essential DG operational data across the board, the Commission should require the utilities to work with any customer that has unique privacy concerns. SCE is open to participating in a workshop to explore ways in which the utilities could provide necessary data security to DG operators.
- Should the Commission adopt the Draft Decision's findings concerning NGOM in their current form, SCE requests that the Commission clarify that under Rule 21, the utilities may require NGOM "to the extent that less intrusive and/or more cost effective options" are not available, taking into consideration the cost to all ratepayers of a non-metering alternative.
- The Commission should make clear in the Ordering Paragraphs that installation of renewable generation in combination with non-renewable generation does not qualify the non-renewable portion of the project for any exemptions from interconnection fees or tariff charges afforded renewable generation under the Net Energy Metering (NEM) statute; and
- The Commission should order the Working Group to propose a consistent and uniform method of tracking interconnection fees among the utilities.

SCE also takes the opportunity to comment generally on the appropriate role of the Rule 21 Working Group going forward, as the Draft Decision gives the Working Group a number of new assignments.

## II. COMMENTS

### A. Net Generation Output Metering

SCE supports the Draft Decision's finding that Net Generation Output Metering (NGOM) is required when the customer receives publicly-funded incentive payments or specific tariff exemptions.<sup>1</sup> However, such a limited requirement falls short of addressing California's need for accurate output data. SCE maintains that the Commission should require NGOM for all DG interconnecting to the utility grid, for administration of CPUC-approved tariffs, participation in CPUC-adopted programs, and for system operation and planning. At the very least, the Commission should defer any action or tariff modifications concerning NGOM until the Commission can fully assess the State's and the utilities' need for accurate generator output data. Should the Commission adopt the Draft Decision's findings concerning NGOM in their current form, SCE requests that the Commission clarify that under Rule 21, the utilities may require NGOM "to the extent that less intrusive and/or more cost effective options" are not available, taking into consideration the cost to all ratepayers of a non-metering alternative.

#### 1. NGOM Will Provide the Most Accurate and Greatest Amount of Information.

The Draft Decision notes that one of the reasons the utilities seek compulsory NGOM is to have accurate information for billing a DG customer for charges that are assessed on the basis of demand or departed load, such as standby charges, cost recovery surcharges or other nonbypassable charges.<sup>2</sup> The Draft Decision further

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<sup>1</sup> Draft Decision, p. 5.

<sup>2</sup> *Id.*

acknowledges that estimated billing data may not be as accurate as metered data, and could result in customer billing disputes.<sup>3</sup> SCE maintains that accurate metered data is required for billing purposes to ensure the fair and accurate administration of SCE's tariffs, and to prevent both inaccurate charges to the DG customer and unintended cost-shifting to other ratepayers. Although the Draft Decision addresses the issue of an inaccurate bill from the perspective of the DG customer (*i.e.*, any DG customer disputing the accuracy of an estimated bill may install metering), the Draft Decision does not address the potential cost-shifting to other ratepayers if DG customers are permitted to pay an under-estimated share of distribution costs and other non-bypassable charges. Nor does the Draft Decision address the costs incurred by the utilities to resolve billing disputes resulting from estimated bills.

Apart from limiting the utility's ability to provide accurate bills, the Draft Decision overlooks the high probability that accurate output data will be needed in the future to meet the State's energy goals. The CEC's Report that formed the basis of the Draft Decision correctly notes that the CEC's recommendations must be coordinated with the outcome of other active proceedings currently underway at the Commission. Nevertheless, the Draft Decision does not address the need for accurate generator output data, as identified in these proceedings. At the time the CEC's recommendations were being finalized, SCE commented on the numerous ongoing proceedings that have noted the need to measure the impacts of DG. For instance, in its discussion regarding the inclusion of DG in resource adequacy planning, the CPUC noted:

“Again, no party disputes that customer-side-of-the-meter DG impacts are appropriately subtracted from load forecasts. SDG&E notes that nameplate ratings are not

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<sup>3</sup> *Id.*, p. 6.

an accurate guide to these impacts. Instead, what is important is the output that these DG facilities are actually producing. As discussed above regarding energy efficiency, what is most desirable is to be able to determine when DG facilities are producing energy so that hourly load impacts can be deducted from LSE hourly load forecasts for each month. Thus, typical patterns of energy production by classes of customers must be developed. We commend this to Phase 2.”<sup>4</sup>

Since SCE last commented on these issues, several other ongoing proceedings have reinforced the need for accurate generator output data. For example, in May 2005, the Commission adopted an Opinion Clarifying Participation of Renewable Distributed Generation in the Renewable Portfolio Standards Program (D.05-05-011) that similarly implicates the need for accurate NGOM data. This Decision contemplates Renewable Energy Credits in the context of renewable DG. The Decision acknowledged that a “problem that hinders DG participation in the RPS program is the measurement of electric production from DG units.”<sup>5</sup> Various parties commenting on this issue stressed the need for “actual, metered output for grid-distributed renewables” and the requirement that RPS-eligible DG be “measured and tracked to ensure that actual energy generation is being counted for purposes of RPS compliance.”<sup>6</sup> The Decision even goes so far as to conclude that not having consistent, accurate metering is a *barrier* to the participation of renewable DG in the RPS Program.<sup>7</sup>

Most recently, the CEC published a report titled “Implementing California’s Loading Order for Electricity Resources,”<sup>8</sup> which provides even further justification

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<sup>4</sup> D.04-10-035, p. 21.

<sup>5</sup> D.05-05-011, p. 6.

<sup>6</sup> *Id.*

<sup>7</sup> *Id.*, Conclusion of Law 4.

<sup>8</sup> CEC Staff Report, “Implementing California’s Loading Order for Electricity Resources,” July 2005 (Publication CEC-400-2005-043).

for compulsory NGOM. This report, which was issued in conjunction with an Integrated Energy Policy Report Workshop on July 25, 2005, focuses on how the utilities and the State have performed in implementing the Energy Action Plan. In their workshop presentation, the CEC stated that California needs to improve capacity and energy tracking from DG, including DG operating in a combined heat and power application (CHP).<sup>9</sup> The CEC's accompanying report sums up the data collection needs for implementation of the Energy Action Plan:

“To be used effectively in resource planning, demand response programs and DG both need useful data reporting and management systems. These resources, by their natures, required dispersed resources to provide system benefits. For more effective planning, the state needs reporting systems that track the contribution of these resources over time while providing real-time information on program impacts.”<sup>10</sup>

Lastly, the Draft Decision itself notes that the Commission recently held hearings in this proceeding to develop a method for assessing the costs and benefits of DG facilities and programs *as a whole*.<sup>11</sup> The Commission seeks to utilize the adopted cost-benefit methodology to compare resource options and choose among candidate DG technologies.<sup>12</sup> In tailoring future and existing DG policies, NGOM would provide the Commission with comprehensive data evidencing how all distributed generation systems and technologies perform over time. Current Point-of-Common-Coupling metering or estimated generator performance simply cannot provide the same type or accuracy of information.

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<sup>9</sup> CEC Presentation, “California’s Preferred Loading Order 2005 Energy Report: Distributed Generation” (July 25, 2005).

<sup>10</sup> CEC Staff Report, “Implementing California’s Loading Order for Electricity Resources,” July 2005 (Publication CEC-400-2005-043), p. 148.

<sup>11</sup> Draft Decision, p. 11.

<sup>12</sup> Ruling and Scoping Memo (August 6, 2004), p. 3.

As DG interests continue to point to opportunities to participate in more than just serving load on the customer side of the meter, it is evident that the Commission is in need of more information, not less. No party disputes that NGOM would provide the most accurate information for billing and administration of CPUC-approved tariffs. No party disputes that accurate and reliable metering and data tracking are fundamental to consideration of DG in resource adequacy and DG participation in the Renewable Portfolio Standards Program. No party disputes that accurate, reliable generator output information would assist the State in resource planning and implementing its Energy Action Plan. And no party disputes that accurate, comprehensive data would assist the Commission in developing current and future DG policy.

In fact, the only argument any party has made against NGOM – customer privacy – was made by one party, the Cogeneration Association of California/Energy Users and Producers Coalition (CAC/EPUC). Yet CAC/EPUC never articulated what its particular privacy concerns are, or how these interests would be compromised through NGOM. And no policymaker has ever questioned the legitimacy of CAC/EPUC's claim. The Draft Decision similarly appears to accept this argument without any explanation as to its validity.<sup>13</sup> There is no discussion of what is sensitive about the generation data or why standard utility practices concerning customer confidentiality and Public Utilities Code section 583 would not adequately protect the information. The Draft Decision likewise does not address how generation data differs in sensitivity from customer billing data, or how such sensitivity outweighs the State's ongoing and future need for accurate generator output data.

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<sup>13</sup> The Draft Decision merely notes that "the CEC believes a customer's right to confidentiality is more important in this case." Draft Decision, p. 6.

In a time when the greatest and most accurate information concerning DG operations and performance is needed, it makes little sense to adopt a metering policy which limits access to this information, particularly when the single argument in favor of doing so has never been fully articulated or justified. Rather than deprive the utilities and the State of essential DG operating data across the board, it would be more prudent and logical for the utilities to work with CAC/EPUC to resolve their unique privacy concerns. SCE is open to participating in a workshop to explore ways in which the utilities could provide necessary data security to DG operators.

SCE thus respectfully requests that the Commission modify the Draft Decision to require NGOM for DG interconnecting to the utility grid. Alternatively, SCE requests that the Commission defer any action concerning NGOM until the Commission can fully evaluate the State's and the utilities' need for generator output data to accurately bill and accommodate evolving policies in the areas of resource adequacy, renewable portfolio standards, cost-benefit analyses, and California's preferred loading order.

**2. Should the Commission Adopt the Language in the Draft Decision, the Commission Should Clarify the Circumstances Under Which the Utilities May Require NGOM.**

The Draft Decision orders that "DG facilities that do not receive regulated subsidies do not need to install NGOM where less intrusive and/or more cost-effective options for providing output data are available, consistent with existing Rule 21."<sup>14</sup> SCE requests that the Commission clarify its statement regarding cost-effectiveness, and confirm that the utilities can and should consider the costs to all

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<sup>14</sup> Draft Decision, Ordering Paragraph 2.

ratepayers. The costs for billing and collection activities for departing load and standby tariffs are paid for by all ratepayers, not just DG customers. Thus, any costs associated with estimating bills, modifying estimates to accommodate for changes on the customer side of the meter, and dealing with disputed estimated bills are funded by all ratepayers. As such, it is appropriate to consider the costs to all ratepayers when determining whether “less intrusive and/or more cost-effective options for providing output data are available.”

#### **B. Combined Technology Net Energy Metering**

When it commented on the CEC’s Report in January 2005, SCE expressed a general concern that the CEC’s conclusion that “any methodology preventing export from the NEM generator while the non-NEM generator is operating is inappropriate” would encourage installations which increased consumption of natural gas at the same time as they increased the amount of costs shifted to other ratepayers by NEM tariff treatment and related subsidies. SCE also noted that the Commission had not yet reported to the Governor and Legislature on NEM costs and benefits to all stakeholders as required by AB 58.<sup>15</sup>

SCE is encouraged that the Draft Decision addresses, at least in part, the concerns SCE has expressed about cost shifting. The provision in the Draft Decision that “any energy generated by the renewable generator that exceeds the customer’s annual energy usage will not be compensated as renewable DG”<sup>16</sup> is consistent with the NEM statute and will help discourage installers from oversizing their projects. Similarly, the provisions of the Draft Decision that prohibit non-NEM generators from receiving credits designed for NEM, and that require DG owners to bear the cost of special metering or breakers necessary to properly

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<sup>15</sup> SCE’s Comments on CEC’s Final Committee Report (January 20, 2005).

<sup>16</sup> Draft Decision, p. 13.

administer the tariffs<sup>17</sup> will help protect other customers from inequitable cost shifting. These provisions must be maintained in any final decision adopted by the Commission. Additionally, SCE believes the language of the ordering paragraphs should be extended to make it clear that installation of renewable generation in combination with non-renewable generation does not qualify the non-renewable portion of the project for any of the exemptions from interconnection or tariff charges which the NEM statute provides for renewable generation.

As the Commission continues to exercise its regulatory function over NEM-eligible generation, the Commission should keep in mind that the cost-benefit portion of the DG-OIR is still not complete. Nor has the Commission completed its statutorily-mandated report on NEM costs and benefits. Therefore, policymaking that imposes costs on some ratepayers to encourage deployment of renewable DG by others (*e.g.* NEM) is still operating to a large extent in an information vacuum in which ideology is more readily available than facts. Further, SCE urges the Commission to keep firmly in mind the relationship between the NEM program (as established by the Legislature) and renewable resource procurement by electric utilities. From its inception, NEM in California has been intended as a load reduction program rather than a part of the utility resource portfolio. SB 656 (Statutes of 1995), which added Section 2827 to the Public Utilities Code, defined an “eligible customer-generator” as a utility customer who operates a solar electrical generating facility “intended primarily to offset part or all of the customer’s own electrical requirements.”<sup>18</sup> Although the Legislature has subsequently amended the statute to increase the maximum size of a generating facility from 10 kilowatts to 1000 kilowatts and to include other technologies besides solar, it has never changed

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<sup>17</sup> *Id.*, pp. 13-14.

<sup>18</sup> See Public Utilities Code § 2827(c).

its original clear statement of the intended purpose of customer generation installed under the NEM program.

As the Commission moves to encourage the operation of combinations of non-renewable and renewable generators by customers, the focus of the NEM program should continue to be on cost-effective projects which serve customer load. Utility renewable procurement is being accomplished through the Renewable Portfolio Standard solicitation process and contracts executed under Commission oversight, which provide for project performance optimized to match utility resource needs.

### **C. Interconnection Application Review Fees**

The Draft Decision orders the utilities to “track the costs of DG interconnection processing for (1) review in [their] rate cases, and (2) the development of fees that are related to costs.”<sup>19</sup> SCE supports this order, as well as the Commission’s intention to bring interconnection review fees “closer to cost based on utility proposals in subsequent general rate cases.”<sup>20</sup> SCE shares the Commission’s concerns about the “extent to which existing DG projects are cost-effective, given the incentives they receive and the costs they impose on ratepayers”<sup>21</sup> and believes that cost tracking is one further step towards preventing inequitable cost-shifting. SCE does, however, suggest that the Commission order the Working Group to devise a uniform system of cost categorization, tracking and reporting, so that when it comes time to analyze the information gathered, the Commission will not be in the position of comparing “apples to oranges.”<sup>22</sup> In this

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<sup>19</sup> Draft Decision, p. 11.

<sup>20</sup> *Id.*, p. 11

<sup>21</sup> *Id.*

<sup>22</sup> The utilities previously tracked costs associated with interconnections pursuant to an order in D.02-03-057. The utilities did not receive guidance on how to format the cost tracking, however, and each utility devised its own independent tracking format to accommodate the utility’s business organization. While this provided useful data, the diversity of formats presented challenges to the Rule 21 Working Group in its efforts to analyze and compare the costs incurred.

way, the utilities will receive guidance on how best to set up their cost-tracking systems, and any reported costs will be more useful to policymakers.

#### **D. The Role of the Working Group Going Forward**

The Draft Decision assigns numerous tasks to the Working Group for detailed resolution.<sup>23</sup> SCE questions the fundamental role of the Rule 21 Working Group and the ability of the workshop process to resolve disputed interconnection issues. SCE believes the Commission should be judicious in its future use and expectations of the Rule 21 Working Group. The Working Group is best suited to vet issues that can be resolved by information gathering, informal dialog, and mutual compromise.

For instance, as discussed above, the Working Group is well matched to devise a uniform system of interconnection fee cost tracking and reporting. The Working Group meetings will provide a collaborative environment in which this information can be shared and utilized to create a mutually beneficial outcome. However, for issues in which stakeholders' interests are diametrically opposed, fairness requires a process which establishes a thorough evidentiary record. Where members of the Working Group are likely to have strong opposing positions, the Commission should be cautious in its use of the Working Group, and if necessary, utilize its jurisdiction to augment the record created in the Working Group process. Additionally, for policies which impact utility customers at large, especially in

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<sup>23</sup> For example, in addition to ordering the Working Group to implement changes to the utilities' tariffs, the Draft Decision directs the Working Group to refine the procedure for publishing interconnection dispute resolution information (p. 10); develop technical and administrative solutions to implementing combined technology applications (p. 14); develop proposed rules for DG interconnections to distribution systems that have a network configuration (Ordering Paragraph 3); and propose how to allocate costs and payments for DG facilities that include two NEM generators operating under different tariffs (Ordering Paragraph 3).

relation to their future cost of electricity as reflected in rates, the Commission must be a central part of the decision-making process – this role cannot be delegated.

### **III.**

#### **CONCLUSION**

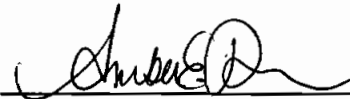
For the foregoing reasons, SCE respectfully requests that the Commission modify the Draft Decision consistent with these comments and the attached Findings of Fact and Conclusions of Law. In particular, SCE requests that the Commission revise the Draft Decision to:

- Require NGOM for all DG interconnecting to the utility grid, for administration of CPUC-approved tariffs, participation in CPUC-adopted programs, and for system operation and planning;
- Make clear in the Ordering Paragraphs that installation of renewable generation in combination with non-renewable generation does not qualify the non-renewable portion of the project for any exemptions from interconnection fees or tariff charges afforded renewable generation under the NEM statute; and

- Order the Working Group to propose a consistent and uniform method of tracking interconnection fees among the utilities.

Respectfully submitted,

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August 15, 2005

**Appendix A**

**Proposed Findings of Fact & Conclusions of Law**

## Findings of Fact

1. NGOM ~~may be~~ is required for non-NEM generators for billing, assessing rates or special charges, or planning.

~~2. Some DG facilities do not require NGOM at this time in order for the utilities or DG to fulfill regulatory requirements or conduct operational activities.~~

3.2. NGOM may be required by the California ISO for certain large generating facilities in order to promote system reliability. Lack of metering on large DG may complicate the utilities' scheduling of power to the ISO.

4.3. DG interconnection applicants would benefit from the provision of information about the resolution of interconnection disputes. The provision of such information to a webmaster would not be unduly burdensome on utilities.

5.4. Public disclosure of some information regarding the resolution of disputes between a utility and a DG interconnection applicant might compromise the DG's privacy.

6.5. The parties concur that the existing process for resolving interconnection disputes between DG interconnection applicants and utilities has not been efficient.

7.6. Existing fees for interconnection processing do not appear to recover the costs of activities related to initial and supplemental application review; however, the record in this proceeding does not permit a final assessment of those costs.

8.7. Because the utilities currently do not charge for unnecessary inspection visits, there is little incentive by the DG to minimize those inspection visits.

9.8. Some DG facilities incorporate both NEM and non-NEM generators. The tariffs for calculating NEM credits for combined technology DG facilities are unclear.

~~10.9.~~ For combined technology DG facilities, utility tariffs need to specify how the utility will treat exported NEM energy in order to assure the bill credits they are entitled to and that ratepayers do not provide unintended subsidies to non-NEM generators.

~~11.10.~~ The record in this proceeding does not permit an allocation of costs or payments for DG facilities that include two or more NEM generators operating under different tariffs.

~~12.11.~~ At this time, there is no evidence to suggest that non-NEM DG require utility ratepayers to subsidize the cost of needed distribution system modifications in order to assure cost-effective development of DG.

~~13.12.~~ The active parties to this proceeding agree that there is a need to develop rules for DG interconnections to distribution systems that have a network configuration.

### **Conclusions of Law**

1. The utilities should be ordered to require NGOM for all DG interconnecting to the utility grid, for administration of CPUC-approved tariffs, participation in CPUC-adopted programs, and for system operation and planning. — ~~It is reasonable to allow the utilities to estimate net generator output data for purposes of calculating a DG's cost responsibility surcharge, standby charges and other nonbypassable charges, as applicable, if the DG does not wish to install NGOM.~~

2. ~~It is reasonable for Rule 21 to require a DG to install NGOM if its owner objects to the utility's estimates of CRS, standby and other nonbypassable charges.~~

3. ~~The Commission should adopt the CEC's recommendations with regard to NGOM to the extent set forth herein.~~

4. Utility tariffs should state the utility's obligation to provide relevant detail regarding interconnection requirements where the DG developer disputes those requirements.

5. For cases where a utility and a DG interconnection applicant are unable to resolve an interconnection dispute informally, Rule 21 should provide for a dispute resolution procedure that does not require the involvement of the Commission's Consumer Affairs Branch but instead requires the parties to request a mediator from the Commission or to engage a third party mediator by mutual agreement.

6. The Working Group should be ordered to develop a consistent and uniform method of tracking interconnection fees among the utilities.

7. The utilities should be ordered to propose changes to fees for initial and supplemental application review and other interconnection processing activities in their respective electric ratemaking proceedings.

7.8. The utilities should be able to charge for extraordinary inspections as a way to encourage DG preparedness for the inspections.

10. For combined technology DG facilities utility tariffs should prohibit any provision or methodology that prevents export from an NEM generator even if the non-NEM generator is operating with certain protections to assure ratepayers do not unfairly subsidize non-NEM facilities.

11. In order to help assure utility ratepayers do not provide unintended subsidies to non-NEM generators in the form of bill credits where an NEM generator shares the facility, utility tariffs should provide that (1) any energy generated by the NEM generator that exceeds the customer's annual energy usage will not be compensated; (2) in no event will non-NEM generators receive credits and tariff benefits designed for NEM generators; and (3) any combined

technology DG facility must install at its cost individual meters for the separate generators or breakers that prevent export from the non-net metering generator.

12. Non-NEM generators should continue to assume the costs of infrastructure improvements required to accommodate interconnections needed for Non-NEM facilities. If the costs attributable to the non-NEM generator cannot be readily identified, the utility should calculate the non-NEM generator's cost liability according to its share of annual expected energy of the total generated by the combined technology DG facility.

13. The Working Group should be ordered to develop proposed rules for DG interconnections to distributions systems that have a network configuration and to recommend a way to allocate costs and payments between two NEM generators operating under different tariffs at the same site.

### **INTERIM ORDER**

#### **IT IS ORDERED that:**

1. The Report and Order of the California Energy Commission (CEC) dated February 2, 2005 and tendered for filing on February 16, 2005 is hereby included in the record of this proceeding.

2. Pacific Gas and Electric Company, Southern California Edison Company and San Diego Gas & Electric Company shall file modifications to Rule 21 of their respective tariffs no later than December 1, 2005 that modify Rule 21 for each utility as follows:

- ~~DG facilities that do not receive regulated subsidies do not need to install net generation output metering (NGOM) where less intrusive and/or more cost-effective options for providing output data are available, consistent with existing Rule 21~~ DG facilities interconnecting to the grid shall install net generation output metering (NGOM);

- DG facilities may opt to have the utilities estimate load data for purposes of calculating a DG facility's cost responsibility surcharge if the distributed generation (DG) owner does not wish to purchase NGOM, but DG facilities on a departing load-cost responsibility surcharge (DL-CRS) tariff may opt to install NGOM if the project objects to the utility's estimates of CRS liability;
- The utility shall provide to the DG project developer all relevant regulatory and/or technical detail regarding interconnections requirements where the utility and the DG project developer dispute the utility requirements;
- For cases where a utility and a DG owner are unable to resolve an interconnection dispute informally, Rule 21 shall provide for a dispute resolution procedure that requires the parties to request a mediator from the Commission or to engage a third party mediator by mutual agreement;
- With regard to DG facilities that include an NEM-eligible generator and a generator that does not qualify for net energy metering (non-NEM): (1) any energy generated by the renewable DG that exceeds the customer's annual energy usage will not be compensated as renewable DG; (2) in no event will non-net metering generators receive credits, tariff benefits, or interconnection fee exemptions designed for NEM projects; and (3) any DG owner operating under two tariffs must install at its cost individual meters for the separate generators or breakers that prevent export from the non-net metering generator. Otherwise, for DG facilities that operate under two tariffs applicable to different technologies, utility tariffs should prohibit any provision or methodology that prevents export from an NEM generator even if the non-NEM generator is operating;
- A cost-based charge for DG project interconnection inspections for those inspections that are extraordinary and/or follow the first inspection.

3. The Rule 21 Working Group shall develop proposed rules for DG interconnections to distribution systems that have a network configuration. It shall also propose how to allocate costs and payments for DG facilities that include two NEM generators operating under different tariffs. The Working Group shall file its recommendations on these topics with this Commission and the CEC no later than March 31, 2006; the Assigned Administrative Law Judge may change this filing date for good cause.

This order is effective today.


Dated \_\_\_\_\_, at San Francisco, California.

## **CERTIFICATE OF SERVICE**

I hereby certify that, pursuant to the Commission's Rules of Practice and Procedure, I have this day served a true copy of **COMMENTS OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) ON DRAFT DECISION ADOPTING CHANGES IN INTERCONNECTION RULES FOR DISTRIBUTED GENERATION** on all parties identified on the attached service list(s). Service was effected by one or more means indicated below:

- ☒ Transmitting the copies via e-mail to all parties who have provided an e-mail address. First class mail will be used if electronic service cannot be effectuated.
- ☒ Placing the copies in sealed envelopes and causing such envelopes to be delivered by hand or by overnight courier to the offices of the Commission or other addressee(s).
- ☐ Placing copies in properly addressed sealed envelopes and depositing such copies in the United States mail with first-class postage prepaid to all parties.
- ☒ Directing Prographics to place the copies in properly addressed sealed envelopes and to deposit such envelopes in the United States mail with first-class postage prepaid to all parties.

Executed this **15th day of August, 2005**, at Rosemead, California.



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