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Distributed Generation and Energy)
Resources) CEC Docket No. 04-DIST-GEN-1
and 03-IEP-1

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

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**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
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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 Reply to comments made by Cogeneration Association of California and the Energy Producers and User’s Coalition (CAC/EPUC) on ALJ Malcolm’s Draft Decision Adopting Changes in Interconnection Rules for Distributed Generation (Draft Decision). CAC/EPUC requests that the Commission adopt “minor” revisions to the Draft Decision, which would result in an overly narrow definition of when Net Generation Output Metering (NGOM) is required. In particular, CAC/EPUC asks the Commission to put tariff-specified limitations on the subsidies and exemptions which will trigger an NGOM requirement, and abandon the notion that NGOM should be required where “less intrusive methods or cost-effective means of providing data” are not available. CAC/EPUC also asks the Commission to issue findings in this proceeding concerning a Federal Energy Regulatory Commission (FERC) Opinion which has no relevance here. As explained below, these requests should be denied.

II.

REPLY COMMENTS

A. The Commission Should Reject CAC/EPUC's Proposal to Further Limit the Language in the Draft Decision Concerning NGOM.

The Draft Decision requires the utilities to amend their tariffs such that “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.” CAC/EPUC asks the Commission to “detail the instances where NGOM is required, specifically, receipt of an SGIP incentive, a cogeneration gas rate,¹ or a standby charge exemption.”² CAC/EPUC thus asks the Commission to limit the subsidies and exemptions which will trigger the NGOM requirement, thereby ignoring other current qualifying tariff exemptions and incentives.³ For instance, CAC/EPUC fails to include the waiver of interconnection fees and exemption from standby charges ordered by the Commission for non-net metered solar projects pursuant to D.01-07-027. CAC/EPUC also ignores Federal and State tax credits. Moreover, there is no value in providing a “laundry list” of qualifying exemptions and subsidies, because the Legislature and the Commission will undoubtedly discontinue, amend, or create new subsidies and

¹ Although CAC/EPUC has argued that NGOM is “intrusive” and that customer privacy concerns preclude a broad NGOM requirement, CAC/EPUC concedes that NGOM is appropriate and necessary to calculate the gas discounts received by their QF generators. CAC/EPUC does not explain why NGOM is not intrusive when used to calculate their gas discount, but is intrusive when used to bill for standby and other surcharges.

² CAC/EPUC Comments, Proposed Modification 3.

³ CAC/EPUC also claims that the only qualifying subsidies and exemptions should be those that are “policy-based.” CAC/EPUC Comments, p. 5. CAC/EPUC points to the DWR Power Charge exemption as one such exemption that is purportedly not based on policy. That assertion is directly contradicted by the decision itself, which states “[t]herefore, and consistent with these legislative *policy directives*, and in support of our *policy preferences*, we believe that we should apply CRS components differentially to the following three distinct categories of customer generation.” D.03-04-030, p. 45 (emphasis added). In any event, the Draft Decision contains no such “policy-based” limitation, and none is warranted.

exemptions in the future. It makes little sense for the Commission to adopt a tariff modification that will result in the utilities having to file new tariffs every time the Legislature or the Commission acts. As SCE stated in its Opening Comments, the Commission should require NGOM for all DG interconnecting to the utility grid. If the Commission rejects this proposal, it should – at the very least – retain the current language in the Draft Decision which requires NGOM where the customer receives a regulated subsidy, and reject CAC/EPUC’s request to further limit NGOM requirements.

CAC/EPUC also asks the Commission to remove the factors listed in Rule 21 that provide guidance to the utilities regarding whether “less intrusive and/or more cost effective options” are available. By asking the Commission to limit application of NGOM to narrowly-specified exemptions, and remove the factors which govern cost-effectiveness, it appears that CAC/EPUC is asking the Commission to abandon any notion of cost-effectiveness in its modifications to Rule 21. SCE vigorously opposes such a proposal. The utilities should be able to determine whether metering or a non-metering alternative (such as estimation) is cost-effective for all ratepayers to prevent inequitable cost shifting.

SCE states that it will comply with whatever tariff modifications are adopted by the Commission. CAC/EPUC’s allegation that the utilities will somehow abuse their discretion to determine cost effectiveness is unfounded. In any event, there are protections in place to prevent such a result: Rule 21 requires the utilities to send a report to the Commission on a quarterly basis which includes the rationale for requiring Net Generation metering equipment in each instance. As such, the Commission is fully able to monitor the utilities’ application of the NGOM requirement. SCE thus urges the Commission to retain the language in the Draft Decision allowing the utilities to address cost effectiveness.

B. The Commission Should Reject CAC/EPUC's Request to Issue Findings Concerning FERC Requirements.

CAC/EPUC asks the Commission to issue specific findings concerning what FERC does and does not require in administering California Independent System Operator (CAISO) tariffs for Qualifying Facilities (QFs). Such a request is inappropriate and the Commission should not revise the relevant language in the Draft Decision in the manner requested by CAC/EPUC. The Draft Decision already recognizes that the rules developed in this proceeding “do not preempt those in the CAISO tariffs or otherwise adopted by the FERC for projects that might affect system reliability.”⁴ Nothing more is required. Since the Draft Decision is already clear on the issue of NGOM metering, SCE suspects that there are other reasons – unrelated to the issues in this proceeding – for CAC/EPUC’s insistence that the Commission use this proceeding to confirm FERC’s determination as to CAISO metering. SCE urges the Commission to rebuff this effort.

First, the referenced FERC decision speaks for itself. There is no need for the Commission to issue findings concerning matters outside its jurisdiction. Second, the record in the FERC proceeding is not before this Commission and there is no basis to either confirm or reject FERC’s determination. Third, the subject matter of the FERC ruling quoted by CAC/EPUC is inapposite here. It appears from the ruling that FERC specifically rebuffed the CAISO’s effort to “apply charges to a customer’s load behind the meter” and the CAISO’s assertions that the charges were necessary to recover its expenses in managing such load.⁵ Consequently, FERC apparently concluded that “gross metering” was not required. Unlike the cited FERC proceeding, the issues in this proceeding do not involve “gross” versus “net” metering for purposes of imposing CAISO charges. Instead, the utilities maintain that for reasons related to State

⁴ Draft Decision, p. 7.

⁵ CAC/EPUC Comments, p. 8 (citing 104 FERC ¶ 61, 196 paragraph 19).

energy planning, rate design, billing, and the development of appropriate policies for distributed generation technologies, the Commission should require NGOM metering. These are State jurisdictional issues, unrelated to the CAISO issues that prompted the cited FERC decision. The Commission is not foreclosed from ordering NGOM to protect California's ratepayers from costs associated with inaccurate billing, to address the ongoing and future need for accurate output data, or for any other policy reasons.

III.

CONCLUSION

For the foregoing reasons, SCE respectfully requests that the Commission reject CAC/EPUC's proposed modifications to the Draft Decision, and revise the Draft Decision consistent with SCE's Opening Comments.

Respectfully submitted,

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August 22, 2005

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 **REPLY 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 **22nd day of August, 2005**, at Rosemead, California.



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