

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates and Charges for Electric and Gas Service Effective on January 1, 2020. (U39M)

Application 18-12-009  
(Filed December 13, 2018)

**RESPONSE OF  
THE SOLAR ENERGY INDUSTRIES ASSOCIATION AND VOTE SOLAR  
TO APPLICATION OF PACIFIC GAS AND ELECTRIC COMPANY FOR  
AUTHORITY, AMONG OTHER THINGS, TO INCREASE RATES FOR ELECTRIC  
AND GAS SERVICES ON JANUARY 1, 2020**

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January 17, 2019

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AND GAS SERVICES ON JANUARY 1, 2020**

Pursuant to Rule 2.6(c) of the Rules of Practice and Procedure of the California Public Utilities Commission (“Commission”), the Solar Energy Industries Association (“SEIA”)<sup>1</sup> and Vote Solar respond to the “Application of Pacific Gas and Electric Company for Authority, Among Other Things, to Increase Rates for Electric and Gas service on January 1, 2020” filed in the above captioned proceeding on December 13, 2018 (“Application”).

**I. IDENTITY OF SEIA AND VOTE SOLAR**

SEIA is the national trade association of the United States solar industry. Through advocacy and education, SEIA and its 1,000 member companies work to make solar energy a mainstream and significant energy source by expanding markets, removing market barriers, strengthening the industry, and educating the public on the benefits of solar energy. SEIA’s members have a strong interest in the adoption and implementation of policies and programs that will accelerate the movement toward a low-carbon economy and stimulate the development and

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<sup>1</sup> The comments contained in this filing represent the position of the SEIA as an organization, but not necessarily the views of any particular member with respect to any issue.

use of zero-carbon, renewable energy technologies such as solar photovoltaic generation.

Vote Solar is a non-profit advocacy organization working to foster economic opportunity, promote energy security and fight climate change by making solar a mainstream energy resource. Since 2002, Vote Solar has been working to make solar affordable and accessible to more Americans. Vote Solar works at the state level all across the country to support the policies and programs needed to repower the grid with clean energy.

## **II. THE INTEREST OF SEIA AND VOTE SOLAR IN THIS PROCEEDING**

Decision 18-03-023, issued in the Distributed Resources Plan (“DRP”) proceeding (R. 14-08-013, *et al.*) in March 2018, requires each investor owned utility (“IOU”), in the distribution chapter of its General Rate Case filing, to submit a Grid Modernization Plan that provides a defined set of information for each proposed grid modernization program.<sup>2</sup> In its Application, PG&E purports to have complied with the directives of Decision 18-03-023.<sup>3</sup>

SEIA and Vote Solar have actively participated in the DRP proceeding to promote the modernization of the electric grid in a manner that ensures the cost-effective integration of distributed energy resources (“DERs”) as well as the maximization of DER benefits to ratepayers. Thus, SEIA and Vote Solar have an interest in assuring that the Grid Modernization Plan included within PG&E’s Application is fully compliant with the directives of Decision 18-03-023 which are designed to ensure that the IOUs advance “distribution grid technologies and/or functions that are needed to enable greater DER penetration, integration and value maximization.”<sup>4</sup>

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<sup>2</sup> See D. 18-03-023, Appendix A (setting forth the Grid Modernization Plan submission requirements).

<sup>3</sup> Pacific Gas and Electric Company, 2020 General Rate Case, Prepared Testimony, Exhibit PG&E-4, p. 19-2.

<sup>4</sup> D. 18-03-023, Finding of Fact 5.

In addition, SEIA and Vote Solar have actively participated before the Commission in proceedings addressing the Net Energy Metering (“NEM”) tariff and the associated rates and charges assessed NEM customers. In its Application, PG&E has proposed to create a new nonbypassable public purpose program surcharge that would be assessed on both bundled and unbundled customers of PG&E, including NEM customers. SEIA and Vote Solar have an interest in exploring the nature of the costs that would comprise this new charge and whether it is appropriate to recover those costs through a public purpose program surcharge.

### **III. SERVICE**

For the purpose of receipt of all correspondence, pleadings, orders and notices in this proceeding, the following representatives of SEIA and Vote Solar should be placed on the service list as a “party”:

SEIA:

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In addition, the following representatives of SEIA and Vote Solar should be placed on the service list under the “information only” designation:

SEIA:

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#### **IV. RESPONSE TO APPLICATION**

##### **A. PG&E's Grid Modernization Plan**

Chapter 19 of PG&E's Application contains its Grid Modernization Plan. This plan rests on PG&E's proposed project portfolio entitled the "Integrated Grid Platform Program" ("IGP"). The IGP is described as "a coordinated program of investments that will facilitate both DER enablement and/or safe and reliable operations of the electric grid."<sup>5</sup> More specifically, PG&E states that the "goal of the IGP is to modernize PG&E's grid with improved situational awareness, operational efficiency, cybersecurity, and DER integration capabilities to meet today's challenges while also positioning the grid to meet the demands of a dynamic energy future."<sup>6</sup> In furtherance of the IGP and Grid Modernization Plan, PG&E requests that the Commission adopt its 2020 expense forecast of \$10.2 million and capital expenditures of 173.6 million over the 2018 to 2022 period.<sup>7</sup> This request, however, does not contain all expenditures required to implement its plan. As relayed by PG&E, the details and forecasts for Information Technology Infrastructure and cybersecurity enhancements necessary to support the IGP, as well as other requests for capital improvements related to grid modernization, are provided in other chapters of its Application.<sup>8</sup> In addition, PG&E has provided a table identifying the locations of all grid modernization investment requests within its filing.<sup>9</sup> These additional requests could well exceed \$500 million.

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<sup>5</sup> Pacific Gas and Electric Company, 2020 General Rate Case, Prepared Testimony, Exhibit PG&E-4, pp. 19-2- 19-3

<sup>6</sup> *Id.*, p. 19-3

<sup>7</sup> *Id.*, pp. 19-3-19-4.

<sup>8</sup> *Id.*, p. 19-4 and Exhibit 4 WP, pp. 19-148- 19-150.

<sup>9</sup> *See* WP 19-48, Exhibit PG&E-4.

SEIA and Vote Solar intend to review and analyze the various capital improvements and associated costs that PG&E has proposed under the umbrella of grid modernization to determine whether the various proposed investments have been sufficiently justified, as required by D. 18-03-023,<sup>10</sup> as well as to determine whether PG&E has adequately performed the required reasonableness assessment of the costs of each investment.<sup>11</sup>

## **B. PG&E's Proposed Creation of a New Nonbypassable Charge**

In its Application, PG&E claims that hydroelectric generation provides benefits beyond electricity generation, such as outdoor public recreation, enhanced protection of natural habitats, and protection of historic resources.<sup>12</sup> As a result, PG&E alleges that such costs are akin to the types of costs traditionally recovered through public purpose program ("PPP") surcharges and proposes to shift costs associated with these claimed public benefits from its generation rates (applicable only to bundled customers) to a non-bypassable PPP surcharge.<sup>13</sup> The result of such a shift is that the costs would be recovered through charges paid by both PG&E's bundled and unbundled customers (*e.g.*, community choice aggregation customers, direct access customers, and NEM customers).<sup>14</sup>

SEIA and Vote Solar intend to explore the types of costs that PG&E proposes to shift into

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<sup>10</sup> For each grid modernization program request the IOU must justify the investment by setting forth the following: (a) Investment Drivers: Identify what primary grid need is driving each grid modernization request and how the proposed investment meets that need ; (b) Attribution to DER integration: Percentage of costs directly attributable to DER integration vs. safety and reliability; (c) Which DERs does the proposed technology integrate; and (d) Investment alternatives, including existing equipment and DERs. *See* 18-03-023, Appendix A, pp. 2-3.

<sup>11</sup> For each grid modernization program request the IOU must propose a method for assessment of cost reasonableness and provide the result of such assessment. *See* 18-03-023, Appendix A, p.3.

<sup>12</sup> Pacific Gas and Electric Company, 2020 General Rate Case, Prepared Testimony, Exhibit PG&E-5, p. 8-24

<sup>13</sup> *Id.*, p. 8-25.

<sup>14</sup> *Id.*

the PPP surcharge is of the type that the Commission has historically approved for recovery through a PPP surcharge. In addition, SEIA and Vote Solar will explore the level of the proposed cost shift as well the impact that such a shift may have on other Commission objectives - such as GHG reduction through the increased use of renewables like solar.

## **V. COMPLIANCE WITH RULE 2.6**

In compliance with Rule 2.6 of the Commission's Rules of Practice and Procedure, SEIA and Vote Solar state the following:

1. SEIA and Vote Solar agree with PG&E that this proceeding should be categorized as "ratesetting."

2. SEIA and Vote Solar agree with PG&E that hearings will be necessary.

3. SEIA and Vote Solar submit that the proposed schedule set forth in PG&E's Application is too truncated. Given the breadth of issues contained in PG&E's Application, intervenors must be given ample time to conduct several rounds of discovery and draft testimony after the final scope of the proceeding is determined through issuance of the Scoping Memo. Therefore, SEIA and Vote Solar recommend, that, at minimum, the Public Advocate's testimony be pushed from PG&E's recommended date of June 1 to July 15 and that Intervenor's testimony be pushed from PG&E's recommended date of July 1 to August 15. In addition, SEIA and Vote Solar recommend a longer period than two weeks between rebuttal testimony and the commencement of hearings so that parties will have sufficient time to conduct discovery on the rebuttal testimony.

Respectfully submitted January 17, 2019 at San Francisco, California.

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Jeanne B. Armstrong

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<sup>15</sup> In accord with Rule 1.8 of the Commission's Rules of Practice and Procedure, Vote Solar has afforded Counsel for SEIA to sign this pleading on their behalf.