

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE
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November 9, 2018

Advice Letter 5039-E/5039-E-A

Erik Jacobson
Director, Regulatory Relations
Pacific Gas and Electric Company
77 Beale Street, Mail Code B10C
P.O. Box 770000
San Francisco, CA 94177

SUBJECT: Pacific Gas and Electric Company's Proposed Administrative Procedures for Customers with Behind-the-Meter Solar in Compliance with Decision 17-01-006 (revised by (D.) 17-02-017).

Dear Mr. Jacobson:

Advice Letter 5039-E and 5039-E-A are effective as of October 11, 2018 per Resolution # E-4946.

Sincerely,

A handwritten signature in cursive script that reads "Edward Randolph".

Edward Randolph
Director, Energy Division

June 20, 2018

Advice 5039-E-A

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

Subject: Supplemental: Pacific Gas and Electric Company's Proposed Administrative Procedures for Customers with Behind-the-Meter Solar in Compliance with Decision 17-01-006 (revised by (D.) 17-02-017)

Purpose

Per Energy Division's request, Pacific Gas and Electric Company ("PG&E") respectfully submits this supplement to Advice Letter (AL) 5039-E, filed on March 30, 2017. PG&E has added an additional section to the previously submitted Appendix 1 to provide clarity on approved modifications to pending interconnection requests seeking Grandfathering on existing TOU Periods. If approved and also requested by the Commission, PG&E will provide updates to its proposed changes to Electric Rule 1 and the applicable Time-of-Use (TOU) Electric Rate tariffs provided in PG&E's pending AL 5188-E.

This advice letter supplements Advice 5039-E in part, and does not change the original submission except as described herein. Any discrepancies not addressed in this supplemental advice letter due to the issuing of (D.) 17-10-018 are addressed in AL 5188-E. However, since there were substantive changes between the original decision (D.) 17-02-017 and (D.) 17-10-018, PG&E requests that the Commission approve AL 5188-E after approving AL 5039-E and this advice letter (AL 5039-E-A).

Background

On January 23, 2017, the California Public Utilities Commission (Commission or CPUC) issued (D.) 17-01-006, which "adopts a framework, including guiding principles, for designing, implementing, and modifying the time intervals reflected in time-of-use (TOU) rates."¹

¹ (D.) 17-01-006, Page 1, *Summary*.

On February 14, 2017, the Commission issued a second decision, (D.) 17-02-017 to correct inadvertent errors after it “learned that several references to the grandfathering eligibility grace period in the body of the final decision were not updated to reflect the ordering paragraphs approved by the Commissioners.”

AL 5039-E was submitted March 30, 2017, in Compliance with Decision 17-01-006 (revised by (D.) 17-02-017). It proposed changes to various TOU rates schedules, and added new definitions related to Time-of-Use to Electric Rule 1. Additional changes were made to the advice letter via substitute sheets on July 3, 2017.

On November 1, 2017², the Commission issued a third decision, (D.) 17-10-018 to address a Petition for Modification of D.17-01-006 filed by Solar Energy Industries Association and California Solar Energy Industries Association³. D.17-10-018 modified the original decision to extend the interconnection-on-file date for public agencies to December 31, 2017, which was 60 days after D.17-10-018 was issued; and eliminates the requirement that construction be completed.

AL 5188-E was submitted November 22, 2017, pursuant to Ordering Paragraph 5 of (D.) 17-10-018, revising the applicability and effective date, and seeking approval for proposed administrative procedures for customers with behind-the-meter solar generation, in compliance with Decision (D.) 17-01-006.

AL 5188-E was protested by Newcomb Anderson McCormick, Inc. (NAM) on December 12, 2017 over concerns that all changes made to a pending interconnection application would require it to withdraw and therefore be ineligible for TOU period grandfathering. PG&E replied to NAM’s protest on December 19, 2017, clarifying that “PG&E does allow Applicants to make minor modifications to their pending interconnection requests that do not necessitate a new application, and therefore allows customers to retain their grandfathering status. The built-in flexibility allows Applicants to make reasonable modifications and still be compliant with Rule 21, and without altering their eligibility for TOU period grandfathering.”

On June 11, 2018, PG&E received an email from Energy Division requesting a supplemental advice letter for AL 5039-E. The Energy Division is seeking clarification on what minor changes specifically that PG&E allows that are compliant with Electric Rule 21, and will therefore allow a pending interconnection request to remain eligible for TOU period grandfathering once the Permission to Operate (PTO) is issued.

² Effective October 26, 2017.

³ Currently known as California Solar & Storage Association (CALSSA)

Consistent with the provision provided in Section F.2.a⁴ of Rule 21 for pending applications applying under the Fast Track study process, the Distribution Provider has the option to “agree” to certain changes made to pending applications that would not require the application to withdraw and reapply. To confirm, the Fast Track study process was created as an alternative to the Detailed Study process to allow an application to seamlessly pass through the Engineering Study, resulting in the issuance of a PTO as quickly as possible. To maintain the expeditious nature of the Fast Track study process, PG&E has historically exercised its right to prohibit changes. This prohibition decreased the overall engineering time spent on any one application (as would be appropriate for the Detail Study process) allowing all the other projects in the Fast Track study process to have a consistent experience of quick review.

In light of the Grandfathering TOU period decision, PG&E began allowing certain modifications to pending applications that would not require the application to withdraw. The minor changes maintain the expeditious nature of the Fast Track study process while allowing some flexibility to pending applications.

This supplement to AL 5039-E (1) affirms that pending applications must be in compliance with Rule 21 from application submittal until PTO is issued, and (2) confirms what minor changes are allowed to pending applications that would not require them to withdraw. These acceptable changes are included in the revised Appendix 1 under section G titled “Modifications to Pending Interconnection Request Applying under Fast Track Study.” Otherwise, the text that follows repeats the text included in the prior Advice Letter.

PROPOSED TARIFF MODIFICATIONS

AL 5039-E complies with Ordering Paragraph 5 of the original Decision that states:⁵

“Each of Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) shall ensure that customers with existing behind-the-meter solar be permitted to maintain time-of-use (TOU) rate periods for five to ten years. This period for retaining TOU periods applies only to qualified customers on the terms and conditions set forth below. Each investor-owned utility (IOU) is permitted to structure an alternative

⁴ Rule 21 Section F.2.a is the section that describes the rules around changes for all interconnection requests in the Fast Track study process whereas Section F.7.f. only refers to Fast Track study process projects who have elected the Cost Envelope option. Per Section F.2.a, “no changes may be made to the planned Point of interconnect Interconnection or Generating Facility size included in the Interconnection Request during the Fast Track Process, unless such changes are agreed to by Distribution Provider. Where agreement has not been reached, Applicants choosing to change the Point of Interconnection or Generating Facility size must reapply and submit a new Interconnection Request.

⁵ (D.) 17-01-006, Ordering Paragraph 5, emphasis added.

*but equivalent mitigation measure for these customers, but any such alternative must be approved by the Commission. To minimize the administrative burden of retaining time periods for these customers, each IOU should propose procedures, such as setting a limited number of dates each year on which to migrate these customers to new TOU periods, that will ease administration. **Each IOU, or the IOUs collectively, shall meet with parties to consider administrative procedures and each IOU shall file its own Tier 3 Advice Letter with specific administrative procedures no later than March 31, 2017.** The terms and conditions are as follows:*

- *Customer Eligibility: Applies to (a) residential customers with on-site solar systems, who opt-in to a TOU tariff prior to the Grace Period End Date as defined in the next bullet and (b) non-residential customers. This transition does not apply to customers who are already permitted to stay on a TOU rate for five years pursuant to Decision 16-01-044.*
- *Eligibility Grace Period End Date:*
 - *Schools: December 31, 2017*
 - *All Others: July 31, 2017*
- *System Eligibility: A system for which (i) an initial interconnection application is filed no later than January 31, 2017 and (ii) the interconnection applications, including final building inspection, is completed at any time prior to the Grace Period End Date is eligible. The system must be designed to offset at least 15% of the customer's current annual load.*
- *Duration:*
 - *For residential systems, this transition mitigation measure continues for five years after issuance of a permission to operate. In no event shall the duration continue beyond July 31, 2022.*
 - *For non-residential systems, this transition mitigation measure continues for ten years after issuance of a permission to operate. In no event shall the duration continue beyond December 31, 2027 (for schools) or July 31, 2027 (for all other non-residential).*
- *Attributes: This transition mitigation measure allows the customer to maintain the same TOU periods for the duration. Other changes in rate design, including allocating marginal costs to TOU periods and setting specific rate levels, will be litigated in utility-specific rate proceedings."*

A. Behind-the-meter Solar⁶ TOU Period Grandfathering Eligibility Requirements for PG&E Customers

For PG&E, the eligibility requirements described in Ordering Paragraph 5 for a customer⁷ to qualify for behind-the-meter TOU grandfathering depend upon a number of factors including: (i) whether the customer has already installed solar or is in the process of doing so, (ii) the size of that system relative to that customer's current annual load at the time the system was designed, to calculate the 15% eligibility requirement for customers to whom this applies, (iii) the customer's class (and, within the non-residential class, whether the customer qualifies as a school), (iv) and in the case of EV customers, the dates they submitted and completed their interconnection application, which determines if they are NEM 1.0 or NEM 2.0 customers.⁸ These are described in the remainder of this section.

1. Non-Residential Customers with Existing Solar Systems

Qualified non-residential customers who, as of January 23, 2017 (the date (D.)17-01-006 was issued), had already interconnected and were operating solar systems, have the option to maintain (i.e., be grandfathered on) their existing TOU rate periods for ten years from the date they received Permission To Operate (PTO) their solar system from PG&E.

2. Non-Residential Customers In the Process of Interconnecting Solar Systems

Qualified non-residential customers in the process of interconnecting solar systems shall also be permitted to maintain (i.e., be grandfathered on) their existing TOU rate periods for ten years from the date they receive their PTO from PG&E, providing they meet all of the following conditions:

⁶ For the purposes of TOU Period Grandfathering, "behind-the-meter solar" refers to solar generating facilities that serve customer load behind the same meter as the generating facility. Such generating facilities may be taking service on Rate schedules NEM, NEM2, NEMV, NEM2V, NEMVMASH, NEM2VMASH, E-REMAT, RES-BCT, the Renewable Auction Mechanism (RAM) program, or are interconnected under Electric Rule 21 as non-export or uncompensated export.

⁷ The TOU Grandfathering Eligibility applies to non-bundled PG&E customers taking generation from a Community Choice Aggregation (CCA) provider, or an Energy Service Provider (ESP), as well as those receiving bundled service from PG&E. CCAs and ESPs set the generation component rate for PG&E non-bundled customers. However, while for many of PG&E's rate schedules only the generation component varies based on the time-of-use period, for other rate schedules (e.g., AG-5 and E-20), the distribution component also varies with time-of-use periods.

⁸ (D.) 16-01-044 established a cap for NEM 1.0 customers, which was reached by PG&E on December 15, 2016. (D.) 16-01-044 established grandfathering for NEM 2.0 customers applying for interconnection after December 15, 2016. Customers permitted to stay on a TOU rate for five years pursuant to (D.) 16-01-044 are not eligible for grandfathering established by (D.) 17-01-006.

- a) They submitted an initial application for interconnection to PG&E by January 31, 2017;
- b) Their interconnection application, including final building inspection, is completed and received by PG&E by July 31, 2017 (unless they are a qualifying school, in which case their interconnection application, including final building inspection, is completed and received by PG&E by December 31, 2017);⁹ and
- c) For customers whose applications were submitted between January 23, 2017 and January 31, 2017, their solar system was designed to offset at least 15 percent of the customer's pre-solar annual load (electric usage).

In no case will grandfathering for any such non-residential customer extend beyond July 31, 2027 (or, in the case of qualifying schools, beyond December 31, 2027).

3. Residential Customers with Existing Solar Systems

The grandfathering of residential customers with existing solar systems depends upon the TOU rate schedule on which the customer is served. This is because a previous Commission decision, in PG&E's 2015 Rate Design Window (RDW) proceeding, already adopted an all-party settlement¹⁰ that included transition plans of at least five years for TOU period definitions for residential customers on PG&E's primary residential TOU rates, Schedules E-6, E-TOU-A, and E-TOU-B.¹¹ Specifically, pursuant to (D.) 15-11-013, the CPUC has already adopted tariffs for each of those rates that expressly include a transition (or grandfathering period) in their terms, thus putting residential solar customers on these TOU rates on notice, as of November 2015, of the longer-term TOU period transition process that has already been adopted by the CPUC in PG&E's 2015 RDW proceeding. The transition of at least five years that was adopted through the tariffs that resulted from the CPUC's decision in (D.) 15-11-013 constitutes an alternative but equivalent approach to mitigation that has already been adopted by the CPUC. The Transition approach established by (D.) 15-11-013 for E-6, E-TOU-A and E-TOU-B is as follows:

⁹ Qualifying schools are defined as public and private schools from Kindergarten through 12th grade, plus public and private colleges and universities.

¹⁰ The TOU period transition process for Schedules E-6 and E-TOU-A, spanning at least five years, that was adopted by the CPUC in (D.) 15-11-013 resulted from an all-party settlement between ORA, SEIA and PG&E. The signing parties are legally bound to support that settlement. (D.) 17-01-006 provides that "[e]ach investor-owned utility (IOU) is permitted to structure an alternative but equivalent mitigation measure for these customers," approved by the CPUC. For PG&E's residential non-EVA/EVB TOU customers, that alternative mitigation measure was already approved by the CPUC in (D.) 15-11-013, which adopted a TOU period transition process spanning at least five years.

¹¹ PG&E's 2015 RDW decision, (D.) 15-11-013, also applied to the CARE versions of those three TOU rates, Schedules EL-6, EL-TOU-A, and EL-TOU-B. For ease of exposition in this advice letter, PG&E describes the decision in terms of the non-CARE schedules, but the grandfathering rules applicable to any particular non-CARE TOU rate schedule also apply to the corresponding CARE rate schedule.

- a) **Customers with behind-the-meter solar on Schedule E-6:** Although Schedule E-6 became closed to new customers effective May 31, 2016, per (D.) 15-11-013,¹² customers taking service prior to that date may remain on Schedule E-6. Per the terms of the E-6 tariff, its existing TOU period definitions, which currently feature peak period hours on summer weekdays from 1 p.m. through 7 p.m., will remain constant through the end of 2020. After that, the summer peak period hours will transition over a two year period to later in the day – moving first to 3 p.m. to 8 p.m. on January 1, 2021, and finally to 4 p.m. to 9 p.m. on January 1, 2022.¹³ In January 2023, Schedule E-6 will be eliminated and customers will be transitioned to PG&E's then-existing default TOU rate, unless they choose another available rate option.
- b) **Customers with behind-the-meter solar on Schedule E-TOU-A:** Schedule E-TOU-A, which was created anew by (D.) 15-11-013, and first became available to customers in March 2016, is PG&E's standard tiered opt-in TOU rate, with peak period hours on non-holiday weekdays from 3 p.m. through 8 p.m. in both summer and winter. Per (D.) 15-11-013, these hours will remain constant through December 31, 2019. Beginning January 1, 2020, as agreed in the all-party settlement in PG&E's 2015 RDW, E-TOU-A's peak period hours will move one hour later, becoming 4 p.m. to 9 p.m.
- c) **Customers with behind-the-meter solar on Schedule E-TOU-B:** Schedule E-TOU-B, PG&E's standard non-tiered opt-in TOU rate, was adopted through (D.) 15-11-021 and became available for enrollment starting in March 2016. Schedule E-TOU-B, from its origination, had peak hours from 4 p. m. to 9 p.m. on non-holiday weekdays all year.¹⁴

¹² (D.) 15-11-013 ordered that Schedule E-6 be closed to new enrollment on the date that Schedules E-TOU-A and E-TOU-B became available. Although that date was March 1, 2016, new enrollment was allowed on Schedule E-6 through May 31, 2016, to address subsequent implementation concerns.

¹³ Beginning in 2021, the summer season definition will also change on Schedule E-6, to encompass just the higher-cost months of June through September (compared to the current summer season definition, which encompasses May through October). Schedule E-6 also has summer partial-peak hours that will be modified in 2021 and 2022 as set forth in (D.) 15-11-013. The current Schedule E-6 winter part-peak hours of 5 p.m. to 8 p.m. on non-holiday weekdays will not be subject to modification while Schedule E-6 remains effective.

¹⁴ PG&E has no current plans to propose any changes to Schedule E-TOU-B's peak hours of 4 p.m. to 9 p.m., nor can it, because PG&E is bound to support the all-party settlement it signed in the 2015 RDW. However, if another party were, in the future, to propose different residential TOU periods -- and were the Commission to approve those different TOU periods in time for new TOU periods to be implemented prior to July 31, 2022 (the latest possible date a residential customer can still receive grandfathering, per Ordering Paragraph 5), some Schedule E-TOU-B customers could conceivably be eligible for grandfathering for a short time. PG&E believes that this is unlikely to occur. If it did, it could be addressed at that time, in any CPUC decision regarding such a hypothetically different set of TOU periods.

4. Residential Customers In the Process of Interconnecting Solar Systems

Residential customers in the process of interconnecting solar systems who take service on Schedules E-TOU-A, E-TOU-B and E-6 shall be bound by the long-term transition provisions already adopted by the CPUC in PG&E's 2015 RDW ((D.) 15-11-013), as described in section 3 above). In no case will grandfathering for any such residential customer extend beyond July 31, 2022.

5. Residential EV Customers

While (D.) 15-11-013 already adopted the transition plans for TOU periods on PG&E's primary TOU rates, as agreed in the all-party settlement, that decision did not address Schedule EV. Schedule EV is a TOU rate that pertains to customers who have electric vehicle charging loads, some of whom also have solar systems. Schedule EV currently has peak period hours from 2 p.m. to 9 p.m. on weekdays, and from 3 p.m. to 7 p.m. on weekends. In its 2017 GRC Phase II proceeding, (A.) 16-06-013, PG&E has proposed to change the Schedule EV peak hours to 4 p.m. to 10 p.m. on all days.

(D.) 17-01-006 provides that its transition does not apply to customers who are already permitted to stay on a TOU rate for five years pursuant to (D.) 16-01-044 (the NEM 2.0 decision).¹⁵ Since PG&E's NEM 1.0 cap was reached on December 15, 2016, any EV customer completing an interconnection application after that date (NEM 2.0 EV Customer) is not eligible for grandfathering under (D.) 17-01-006.

Should PG&E's 2017 GRC Phase II EV TOU time period proposal be adopted by the Commission (or should the Commission adopt an alternative, which nevertheless changes the current Schedule EV TOU time periods), EV customers with an interconnection application submitted by December 15, 2016 (NEM 1.0 EV Customer), and a completed interconnection application with final building inspection by July 31, 2017 will be grandfathered on their TOU hours for five years from PTO, as established by (D.) 17-01-006.

6. Aggregated Load and Benefitting Accounts

Certain residential and non-residential customer generation programs with behind-the-meter load also include "aggregated load accounts" or "benefitting accounts." The following programs allow benefitting accounts to be eligible for grandfathering along with the generator account in accordance with the rate schedule the benefitting account takes service on, as described above. Examples of such programs are Schedules NEM and NEM2 for projects with load aggregation (NEMA), or Schedule NEMV or NEM2V (Virtual NEM), or Schedule NEMVMASH or NEM2VMASH (Virtual NEM for Multifamily Affordable Housing with Solar Generation), or Schedule RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer). These programs were

¹⁵ (D.) 17-01-006, p. 49: "NEM customers covered under (D.) 16-01-044 are expressly excluded from the grandfathering measures in this decision."

designed to ‘virtually’ allocate dollar or kWh credits to the associated benefitting accounts. PG&E has included such benefitting accounts in the definitions of both a Behind-the-Meter Solar TOU Period Grandfathering, and a Behind-the-Meter Solar TOU Period Grandfathering Eligibility Requirements in the tariff Rule 1, Definitions, proposed in Appendix 1 herein.

Since PG&E’s PTO is the starting point for each eligible customer’s relevant grandfathering period, PG&E clarifies here that the start of the grandfathering period is the PTO date for that customer’s original interconnection,¹⁶ not the date of any subsequent revisions to the generating system or associated benefitting accounts. This provision is included in the definitions below.

B. Proposed TOU Tariff Changes

PG&E proposes to implement Ordering Paragraph 5 through a combination of adding language to each of its TOU tariffs, as well as to its Rule 1 tariff. Specifically, PG&E proposes to add language to the Applicability section of each of its TOU rate schedules to note that certain qualifying customers with solar systems shall be permitted to maintain (i.e., be grandfathered on) their existing TOU rate periods for a certain period of time (i.e., either five or ten years after they received their PTO including building inspection). PG&E also proposes to add two new definitions to its Rule 1 tariff to describe in detail the conditions a customer must meet to qualify to continue to be eligible for rates with the current TOU period hours, which are presented in Appendix 1 to this advice letter.

For all of its non-residential TOU rates, PG&E proposes to add the following language to the Applicability sections:

“Certain customers with solar systems shall be permitted to maintain the TOU rate period hours under this rate schedule, for a period up to the date ten years after they received their Permission to Operate (PTO) their solar systems from PG&E. The requirements for customers to qualify for remaining on this schedule, per CPUC Decision 17-01-006 are described in the Electric Rule 1, Definitions: Behind-the-Meter Solar TOU Grandfathering and Behind-the-Meter Solar TOU Grandfathering Eligibility Requirements.”

For Schedule EV, PG&E proposes to add the following language to the Applicability section:

¹⁶ This is consistent with NEM2 Decision 16-01-044, mimeo, p. 16, stating: “In (D.) 14-03-041, the Commission established a transition period of 20 years after the original year that each NEM facility interconnects.”

“Certain customers with solar systems shall be permitted to maintain the TOU rate period hours under this rate schedule for a period up to the date five years after they received their Permission to Operate (PTO) their solar systems. The requirements for customers to qualify for remaining on this schedule, per CPUC decision 17-01-006, are described in the Electric Rule 1, Definitions: Behind-the-Meter Solar TOU Grandfathering and Behind-the-Meter Solar TOU Grandfathering Eligibility Requirements.”

C. Behind-the-Meter Solar Customer Transition to New Time Periods at Expiration of TOU Period Grandfathering

In Ordering Paragraph 5 of (D.) 17-01-006, the CPUC provided that: “to minimize the administrative burden of retaining time periods for these customers, each IOU should propose procedures, such as setting a limited number of dates each year, on which to migrate these customers to new TOU periods, that will ease administration. Accordingly, for administrative efficiency purposes, PG&E proposes the following:

1. Non-Residential Customers – For all non-residential customers with behind-the-meter solar whose TOU grandfathering has expired, PG&E proposes to migrate them to the new TOU periods once a year, consistent with the approach proposed in the 2017 GRC Phase 2 proceeding for all non-residential customers¹⁷ and consistent with past customer TOU and PDP default transitions. Thus, PG&E plans to transition such customers as follows: for Agricultural customers, in March of each year (as this fits best with the growing season); and for all other non-residential customers, in November of each year
2. EV customers – For EV customers with behind the meter solar whose TOU period grandfathering has ended, PG&E similarly plans to migrate them to the new TOU periods once each year, in November, on the same date as the non-residential, non-agricultural customers discussed above.

¹⁷ A. 16-06-013, Exhibit (PG&E-1), Volume 1, Chapter 10, pp. 10-20 to 10-25 proposes that customer education and outreach will use the following strategies: begin general awareness education at least 12 months prior to introduction of new time periods; use multiple touches over the course of this period of at least 12 months prior to the TOU time period and Agriculture rate changes, to raise customer awareness and understanding; provide outreach through multiple channels to more effectively educate and engage with customers about the changes; and employ a targeted approach with greater outreach focused on customers that are most likely to see bill increases due to the TOU time period changes, including person-to-person outreach for highly impacted customers. The final customer education and outreach approach for Behind-the-Meter Solar customers will be specified by the decision on A. 16-06-013.

Protests

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

Effective Date

PG&E requests that this Tier 3 advice filing become effective upon Commission approval.

Notice

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically and via U.S. mail to parties shown on the attached list and the parties on the service lists for R.15-12-012, (R.) 12-06-013, (R.) 14-07-002, (R.) 12-11-005, and A.16-06-013. Address changes to the General Order 96-B service list should be directed to PG&E at email address PGETariffs@pge.com. For changes to any other service list, please contact the Commission's Process Office at (415) 703-2021 or at Process_Office@cpuc.ca.gov. Send all electronic approvals to PGETariffs@pge.com. Advice letter filings can also be accessed electronically at: <http://www.pge.com/tariffs/>.

/S/

Erik Jacobson
Director, Regulatory Relations

Attachment

Appendix 1 – Propose Electric Rule No.1 Definitions

cc: Service Lists (R.) 15-12-012, (R.) 12-06-013, (R.) 14-07-002, (R.) 12-11-005, and A.16-06-013
Brad Heavner, CalSEIA, Brad@calseia.org
Karen Norene Mills, California Farm Bureau Federation, kmills@cfbf.com

CALIFORNIA PUBLIC UTILITIES COMMISSION

ADVICE LETTER FILING SUMMARY ENERGY UTILITY

MUST BE COMPLETED BY UTILITY (Attach additional pages as needed)

Company name/CPUC Utility No. **Pacific Gas and Electric Company (ID U39 E)**

Utility type:

ELC GAS
 PLC HEAT WATER

Contact Person: Yvonne Yang

Phone #: (415) 973-2094

E-mail: Yvonne.Yang@pge.com and PGETariffs@pge.com

EXPLANATION OF UTILITY TYPE

ELC = Electric GAS = Gas
PLC = Pipeline HEAT = Heat WATER = Water

(Date Filed/ Received Stamp by CPUC)

Advice Letter (AL) #: **5039-E-A**

Tier: 3

Subject of AL: **Supplemental: Pacific Gas and Electric Company's Proposed Administrative Procedures for Customers with Behind-the-Meter Solar in Compliance with Decision 17-01-006 (revised by (D.) 17-02-017)**

Keywords (choose from CPUC listing): Compliance

AL filing type: Monthly Quarterly Annual One-Time Other _____

If AL filed in compliance with a Commission order, indicate relevant Decision/Resolution #: D.17-01-006 & 17-02-017

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL: No

Summarize differences between the AL and the prior withdrawn or rejected AL: _____

Is AL requesting confidential treatment? If so, what information is the utility seeking confidential treatment for: No

Confidential information will be made available to those who have executed a nondisclosure agreement: N/A

Name(s) and contact information of the person(s) who will provide the nondisclosure agreement and access to the confidential information: _____

Resolution Required? Yes No

Requested effective date: **Upon Commission Approval**

No. of tariff sheets: N/A

Estimated system annual revenue effect (%): N/A

Estimated system average rate effect (%): N/A

When rates are affected by AL, include attachment in AL showing average rate effects on customer classes (residential, small commercial, large C/I, agricultural, lighting).

Tariff schedules affected: N/A

Service affected and changes proposed: N/A

Pending advice letters that revise the same tariff sheets: N/A

Pursuant to CPUC General Order 96-B, Section 7.5.1, PG&E hereby requests the protest period be waived.

California Public Utilities Commission
Energy Division
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Pacific Gas and Electric Company
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Director, Regulatory Relations
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San Francisco, CA 94177
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Appendix 1

Propose Electric Rule No.1 Definitions

Appendix 1

PG&E proposes to add the following two Electric Rule 1 Definitions, consistent with Ordering Paragraph 5 of (D.) 17-01-006: 1) Behind-the-Meter Solar TOU Period Grandfathering, and 2) Behind-the-Meter Solar TOU Period Eligibility Requirements:

1) Behind-the-Meter Solar TOU Period Grandfathering:

- A. A transition mitigation measure that allows a solar customer to maintain legacy TOU periods in place prior to (D.) 17-01-006 for the duration of the Transition Mitigation Period. This transition mitigation measure does not apply to these customers:
- For customers on Schedules E-TOU-A, E-TOU-B and E-6, the transition mitigation period that was already adopted by the CPUC in (D.) 15-11-013 continues to apply, as set forth in those rate schedules.
 - For NEM 2.0 EV customers, the transition mitigation period already adopted by the CPUC in (D.) 16-01-044 continues to apply, as set forth in PG&E's NEM2 rate schedule.
- B. Changes to rate design, including allocating marginal costs to TOU periods and setting specific rate levels, will be litigated in utility specific rate proceedings.
- C. The new electricity price for legacy peak period hours should not fall below the new price for legacy off-peak periods and the new electricity price for legacy off peak periods should not be increased above the price during legacy peak periods.
- D. The TOU Grandfathering Eligibility requirements for behind-the-meter solar are defined in the *Behind-the-Meter Solar TOU Period Grandfathering Eligibility Requirements*.

2) Behind-the-Meter Solar TOU Period Grandfathering Eligibility Requirements:

A customer is eligible for behind-the-meter solar TOU period grandfathering if the following conditions are met:

- A. Qualified residential on-site solar customers
- (i) Who opt-in to the following TOU tariffs: E-TOU-A, E-TOU-B and E-6, or their respective CARE counterpart schedules, the transition mitigation period that was already adopted by the CPUC in Decision 15-11-013 continues to apply as set forth in those schedules.
 - (ii) Who opt-into EV-A or EV-B (or their respective CARE counterpart schedules) prior to the date that default residential TOU rates go into effect (as provided in PG&E's NEM 2.0 tariff approved in compliance with (D.) 16-01-044).

- (iii) This includes a benefitting account (or a generating account where considered a benefitting account), on a rate schedule in (i) or (ii) above and in an arrangement on schedules NEM Aggregation (NEMA), Virtual NEM (NEMV), and Virtual NEM for Multifamily Affordable Housing with Solar Generator(s) (NEMVMASH), by the Customer Eligibility Grace Period End Date which allow electric accounts not physically tied behind-the-meter to a solar system, to receive credits from the exported power of an electric meter account that is physically tied to a solar system. Benefitting accounts added to an arrangement after the Customer Eligibility Grace Period End Date will not receive TOU Period Grandfathering. Benefitting accounts removed from an arrangement after the Customer Eligibility Grace Period End Date lose their eligibility for TOU Period Grandfathering.

B. Qualified non-residential solar customers

- (i) With a behind-the-meter solar (PV) generating facility with load as well as generation
- (ii) This includes benefitting accounts (or the generating account where considered a benefitting account), on a rate schedule in (i) above and in an arrangement on the Load Aggregation provisions (NEMA) of Schedules NEM and NEM2, or on Schedule NEMV or NEM2V (Virtual NEM), or Schedule NEMVMASH or NEM2VMSH (Virtual NEM for Multifamily Affordable Housing with Solar Generation), or Schedule RES-BCT (Local Government Renewable Energy Self-Generation Bill Credit Transfer) by the Customer Eligibility Grace Period End Date, which allow electric accounts, not physically tied behind-the-meter to a solar system, to receive credits from the exported power of an electric meter account that is physically tied to a solar system. Benefitting accounts added to an arrangement after the Customer Eligibility Grace Period End Date will not receive TOU Period Grandfathering. Benefitting accounts removed from an arrangement after the Customer Eligibility Grace Period End Date lose their eligibility for TOU Period Grandfathering.

C. Customer Eligibility Grace Period End Date

Customers must satisfy the conditions for an Eligible System, as described in (E)(v) below, by:

- (i) Schools: December 31, 2017,
Where a school is defined as:
 - (a) a public or private school that teaches students Kindergarten through 12th grade; and
 - (b) a public or private a college or university

(ii) All Others: July 31, 2017

D. Transition Mitigation Period

- (i) For residential on-site solar customer systems, the transition mitigation period is five years from issuance of a permission to operate. In no event shall the duration continue beyond July 31, 2022.
- (ii) For non-residential customers, the transition mitigation period is ten years after issuance of a permission to operate. In no event shall the duration continue beyond December 31, 2027, (for schools) or July 31, 2027, (for all other non-residential customers).

E. Eligible System

An Eligible System is a solar (PV) generating facility:

- (i) That serves customer load behind-the-same meter as the generating facility. Such Generating Facilities may be taking service on Rate schedules NEM, NEM2, NEMV, NEM2V, NEMVMASH, NEM2VMSH, E-REMAT, RES-BCT, the RAM program, or interconnected under Electric Rule 21 as non-export or uncompensated export; and
- (ii) For which PG&E received an Initial interconnection application was received by PG&E no later than January 31, 2017, and
- (iii) For which a Complete Interconnection Application Package, as defined below, is received by PG&E at any time prior to the Customer Eligibility Grace Period End Date, and
- (iv) For which PG&E has received evidence of the customer's final inspection clearance from the governmental authority; and

- (v) If the interconnection application was received by PG&E between January 23, 2017 and January 31, 2017, the generating facility must be designed to offset at least 15%¹ of the customer's current load, in a manner with consistent with the Option R requirements in Rate Schedule E19, Special Condition 20. This requirement must be met by the applicable Transition Mitigation Period deadline and PG&E reserves the right to verify this requirement. This requirement will not be retroactively applied to systems where an application to interconnect was received by PG&E prior to January 23, 2017.²

For the purposes of TOU Period Grandfathering, Permission to Operate (PTO) refers to the original permission to operate date as issued by PG&E for the Eligible System. Any subsequent requests to modify that previously approved system do not restart the Transition Mitigation Period once the new PTO is issued nor can any changes alter its original TOU grandfathering eligibility.

F. Complete Interconnection Application Package

A "Complete Interconnection Application Package" includes all of the following with no deficiencies, or modifications required:

- (i) A completed Interconnection Application including all supporting documents and all required payments; AND
- (ii) A completed signed Interconnection Agreement; AND
- (iii) Evidence of the customer's final inspection clearance from the governmental authority having jurisdiction over the Electrical Generation Facility.

¹ For tracking systems, PG&E agrees to use a 21% capacity factor for a single tracker, or 24% for a dual tracker, instead of the 18% in the Option R calculation in E-20 Special Condition 18, Footnote 1. PG&E anticipates proposing a similar change to the Option R provisions of E-19 and E-20 in another advice letter.

² PG&E will not apply the 15% load requirement to systems with PTO prior to January 23, 2017, the date of (D.) 17-01-006. The intent of the 15% load requirement was to eliminate the potential for applications submitted after the CPUC's decision was issued on January 23, 2017 seeking to "lock in" a legacy TOU period by installing only a token amount of on-site solar generation.

G. Modifications to Pending Interconnection Request Applying under Fast Track Study

For the purposes of TOU Period Grandfathering, the initial interconnection application that is submitted by the applicable deadline must remain in compliance with Electric Rule 21 for the duration of the application and receive Permission to Operate (PTO). If an Applicant takes any action beyond what is listed below, the Applicant must withdraw the pending application and reapply. If the corrected application is not resubmitted by the timelines prescribed in the Decision, it is no longer eligible for TOU Period Grandfathering.

Acceptable Changes

- (A) Modifying the generating facility size after the initial application has been submitted but prior to any Engineering Review
- (B) Decreasing the generating facility size during³ or after an Engineering Review has been completed (prior to PTO)
 - If mitigations are required at the customer's expense (e.g., Dedicated Transformer Upgrade), the Applicant may downsize but must do so while accepting the upgrade. If the Applicant requests a restudy to determine whether the mitigation is no longer required after downsizing, they must withdraw and reapply.

³“During” refers to the time after an Engineering Review has been completed but the result was a failure thereby requiring an Applicant to decide how to proceed.

**PG&E Gas and Electric
Advice Filing List
General Order 96-B, Section IV**

AT&T	Downey & Brand	Pioneer Community Energy
Albion Power Company	Ellison Schneider & Harris LLP	Praxair
Alcantar & Kahl LLP	Energy Management Service	Regulatory & Cogeneration Service, Inc.
Anderson & Poole	Evaluation + Strategy for Social Innovation	SCD Energy Solutions
Atlas ReFuel	GenOn Energy, Inc.	SCE
BART	Goodin, MacBride, Squeri, Schlotz & Ritchie	SDG&E and SoCalGas
Barkovich & Yap, Inc.	Green Charge Networks	SPURR
Braun Blaising Smith Wynne P.C.	Green Power Institute	San Francisco Water Power and Sewer
CalCom Solar	Hanna & Morton	Seattle City Light
California Cotton Ginners & Growers Assn	ICF	Sempra Utilities
California Energy Commission	International Power Technology	Southern California Edison Company
California Public Utilities Commission	Intestate Gas Services, Inc.	Southern California Gas Company
California State Association of Counties	Kelly Group	Spark Energy
Calpine	Ken Bohn Consulting	Sun Light & Power
Casner, Steve	Keyes & Fox LLP	Sunshine Design
Cenergy Power	Leviton Manufacturing Co., Inc.	Tecogen, Inc.
Center for Biological Diversity	Linde	TerraVerde Renewable Partners
City of Palo Alto	Los Angeles County Integrated Waste Management Task Force	Tiger Natural Gas, Inc.
City of San Jose	Los Angeles Dept of Water & Power	TransCanada
Clean Power Research	MRW & Associates	Troutman Sanders LLP
Coast Economic Consulting	Manatt Phelps Phillips	Utility Cost Management
Commercial Energy	Marin Energy Authority	Utility Power Solutions
County of Tehama - Department of Public Works	McKenzie & Associates	Utility Specialists
Crossborder Energy	Modesto Irrigation District	Verizon
Crown Road Energy, LLC	Morgan Stanley	Water and Energy Consulting
Davis Wright Tremaine LLP	NLine Energy, Inc.	Wellhead Electric Company
Day Carter Murphy	NRG Solar	Western Manufactured Housing Communities Association (WMA)
Dept of General Services	Office of Ratepayer Advocates	Yep Energy
Don Pickett & Associates, Inc.	OnGrid Solar	
Douglass & Liddell	Pacific Gas and Electric Company	