

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
SAN FRANCISCO, CA 94102-3298



August 6, 2019

**Advice Letter 5584-E**

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: Establish Working Group 1 Material Modifications Balancing Account and  
Revise the Public Policy Charge.**

Dear Mr. Jacobson:

Advice Letter 5584-E is effective as of August 5, 2019.

Sincerely,

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

Edward Randolph  
Deputy Executive Director for Energy and Climate Policy/  
Director, Energy Division

July 8, 2019

**Advice 5584-E**

(Pacific Gas and Electric Company ID U 39 M)

Public Utilities Commission of the State of California

**Subject:     Establish Working Group 1 Material Modifications Balancing Account and Revise the Public Policy Charge Balancing Account (R21 BA) in Compliance with Decision 19-03-013 Ordering Paragraph 7**

**Purpose**

Pacific Gas and Electric Company (“PG&E”) submits this advice letter pursuant to Ordering Paragraph (“OP”) 7 of California Public Utilities Commission (“CPUC” or “Commission”) Decision (“D.”) 19-03-013 (“Decision”) to establish a Rule 21 Balancing Account (R21 BA) for Material Modification. This advice letter includes the specific methodology PG&E will employ for the recovery of the interconnection portal development expenses needed to implement D.19-03-013 related to Issue 3, Type 2 Material Modifications (i.e., modifications to interconnected customer Rule 21 generating facility) implemented with Process Option 2. It describes the authorized expenses and fees that will be tracked. To that goal, PG&E also requests the new Electric Preliminary Statement Part HY associated with the R21 BA to be established.

**Background**

In 2017, the Commission initiated a Rulemaking to explore and identify various means to improve the interconnection process for Electric Rule 21 eligible generation interconnections.<sup>1</sup> Working Groups were established to address several collections of issues that were laid out in the original scoping order. The first collection was addressed in Working Group 1. After a series of meetings to discuss the identified issues (“Issues”) in Working Group 1, various improvements were proposed. These Issues were captured in the Working Group 1 Report (“Report”),<sup>2</sup> which was issued in March of 2018. Based on the recommendation in the Report, in March of the following

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<sup>1</sup> R 17-07-007 - *Order Instituting Rulemaking to Consider Streamlining Interconnection of Distributed Energy Resources and Improvements to Rule 21.* (April 3, 2015).

<sup>2</sup> *Working Group 1 Final Report* – Issued March 15, 2018.

year (2019), D. 19-03-013<sup>3</sup> ordered the implementation of various new policy related to the Issues.

With regard to this Advice Letter, D.19-03-013, OP 7 directs:

Pacific Gas and Electric Company, San Diego Gas & Electric Company, and Southern California Edison Company (the Utilities) shall immediately begin to develop process option 2 from Ordering Paragraph 6. The Utilities are authorized to establish and record costs in a balancing account, funded by the interconnection fees.

D.19-03-013, in Table 3<sup>4</sup> (reproduced below), lays out seven “cases” where modifications to existing (interconnected) generating facilities will be allowed. Per Ordering Paragraph 7, fees may be collected when Process Option 2 (as defined in the table header of Table 3) is used. For case 3 and 4<sup>5</sup>, Ordering Paragraph 6 further clarifies when Process Option 2 will be used (as opposed to Process Option 4):

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D. 19-03-013 - *Decision Adopting Proposals From March 15, 2018 Working Group One Report* - Date of Issuance 4/5/2019

<sup>4</sup> D.19-03-013 p. 59

<sup>5</sup> For Use Case 3, process option 2 shall be used for projects increasing capacity to less than 100 kilowatt (kW), pending the creation of certification schemes for inverter power controls (software/firmware) to limit export, and process option 4 shall be used for projects increasing capacity to at or greater than 100 kW.

For projects of any size that are requesting an increase in capacity within 110 percent of their original generating capacity, process option 2 shall be used. (From D. 13-03-013, Ordering Paragraph 6, p. 58.)

For Use Case 4, the use case will be based on a Commission determination on Working Group 2 proposals. If the Commission determines that operational profiles of systems should be used to determine system impacts, then process option 4 is adopted. If the Commission determines that a generator's maximum output should be based on its rated capacity, then process option 2 is adopted. (Also from D. 13-03-013, Ordering Paragraph 6, p. 58.)

Table 3 from D.19-03-013.

<b>Table 3</b>		
<b>Process Options Adopted for Modifications to Existing Facilities by Use Case</b>		
<ul style="list-style-type: none"> <li>• <i>Process Option 1: No notification is required</i></li> <li>• <i>Process Option 2: Notification is required but the customer can proceed with building the system and turning on the system without waiting for utility approval</i></li> <li>• <i>Process Option 3: Abridged/Streamlined interconnection request is required and the customer must wait for utility approval to turn on the system (engineering review required)</i></li> <li>• <i>Process Option 4: Normal interconnection request</i></li> </ul>		
<b>Case</b>	<b>Description</b>	<b>Process Option</b>
1	Replacing equipment with exact same equipment type or performing upgrades to inverter firmware that do not affect grip interactions	1
2	Replacing equipment “like-for-like”, where system output does not exceed what is listed in the original interconnection agreement and operating mode is not adjusted.	2
3	Replacing equipment that may increase the nameplate capacity of the system, but which employ inverter power controls that limit the real power output to the inverter listed size in the original agreement.	2/4
4	Adding storage capacity to an existing storage facility without changing inverter.	2/4
5	Adding or replacing equipment such that system capacity increases and no inverter power controls are employed to limit the real power output to the inverter listed size in the original agreement.	4
6	Adding storage to an existing generating facility that does not have storage.	4
7	Changing inverter operating characteristics.	4

D.19-03-013 allows PG&E to collect a new Rule 21 fee for all the “cases” involving generating facility modifications using Process Option 2 as described in Table 3 above. This includes collecting a fee for material modifications to generating facilities on Schedules NEM, NEMV and NEMVMASH as well as Schedule NEMFC, notwithstanding PU Code Section 2827(g), PU Code Section 2827.10(e)(1). However, PG&E will not collect such fees from SASH<sup>6</sup> customers, consistent with the NEM successor decision, D. 16-01-044.<sup>7</sup>

### **Establish the Rule 21 Balancing Account (R21 BA) to Record Actual Implementation Costs and Fee Collection**

As authorized by D.19-03-013, PG&E requests that the Commission permit PG&E to establish the R21 BA, a balancing account, to track the actual Process Option 2 implementation expenses and to track the collection of a new additional fee, until the collected fees offset the implementation expenses. The new additional fee will be collected as described in AL 5553-E. (AL 5553-E<sup>8</sup> set this new fee to \$0 for now. In a future Advice Letter after the PG&E online portal is upgraded, PG&E will establish a non-zero value for the new fee.)

Implementation expenses include the cost of upgrading PG&E’s (online) portal, and back-end system, including development, testing, and project management, as well as the expenses of including a PayPal payment option (for collecting the new fee). The purpose of the balancing account ensures that fee recovery is limited to actual implementation expenses.

PG&E does not expect to begin recovery of these expenses until its online application portal is revised to accommodate the changes, and to accept online payments.

### **Tariff Revisions**

Please find attached to this advice letter, the new Electric Preliminary Statement Part HY:

- To create a new Rule 21 Balancing Account (R21 BA) to record the implementation expenses associated with the development of Process Option 2, to be funded by interconnection fees, as approved in D.19-03-013.

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<sup>6</sup> SASH is Single Family Affordable Solar Housing;

<sup>7</sup> D. 16-01-044 – Issued February 5, 2016 - *Decision Adopting Successor To Net Energy Metering Tariff* – Conclusions of Law 6: “In order to promote consistency with the goals of the SASH program, customers eligible for SASH who interconnect under the NEM successor tariff should not pay any charge for interconnection.”

<sup>8</sup> AL 5553-E, *Modification to Electric Rule 21 Pursuant to the Working Group 1 Decision 19-03-013 in Rulemaking 17-07-007*, submitted June 4, 2019.

This advice letter will not increase any current rate or charge, cause the withdrawal of service, or conflict with any rate schedule or rule.

### **Protests**

Anyone wishing to protest this submittal may do so by letter sent via U.S. mail, facsimile or E-mail, no later than July 29, 2019, which is 21 days<sup>9</sup> after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
505 Van Ness Avenue, 4<sup>th</sup> Floor  
San Francisco, California 94102

Facsimile: (415) 703-2200  
E-mail: EDTariffUnit@cpuc.ca.gov

Copies of protests also should be mailed to the attention of the Director, Energy Division, Room 4004, at the address shown above.

The protest shall also be sent to PG&E either via E-mail or U.S. mail (and by facsimile, if possible) at the address shown below on the same date it is mailed or delivered to the Commission:

Erik Jacobson  
Director, Regulatory Relations  
c/o Megan Lawson  
Pacific Gas and Electric Company  
77 Beale Street, Mail Code B13U  
P.O. Box 770000  
San Francisco, California 94177

Facsimile: (415) 973-3582  
E-mail: PGETariffs@pge.com

Any person (including individuals, groups, or organizations) may protest or respond to an advice letter (General Order 96-B, Section 7.4). The protest shall contain the following information: specification of the advice letter protested; grounds for the protest; supporting factual information or legal argument; name, telephone number, postal address, and (where appropriate) e-mail address of the protestant; and statement that the protest was sent to the utility no later than the day on which the protest was submitted to the reviewing Industry Division (General Order 96-B, Section 3.11).

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<sup>9</sup> The 20-day protest period concludes on a weekend, therefore, PG&E is moving this date to the following business day.

**Effective Date**

This advice letter is submitted with a Tier 1 designation. PG&E requests that this advice letter become effective on August 5, 2019.

**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 list for R.17-07-007. 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 submittals can also be accessed electronically at: <http://www.pge.com/tariffs/>.

\_\_\_\_\_  
/S/

Erik Jacobson  
Director, Regulatory Relations

**Attachments**

cc: Service List R.17-07-007



# ADVICE LETTER 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       WATER  
 PLC       HEAT

Contact Person: Annie Ho

Phone #: (415) 973-8794

E-mail: PGETariffs@pge.com

E-mail Disposition Notice to: AMHP@pge.com

EXPLANATION OF UTILITY TYPE

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

(Date Submitted / Received Stamp by CPUC)

Advice Letter (AL) #: 5561-E

Tier Designation: 1

Subject of AL: Establish Working Group 1 Material Modifications Balancing Account and Revise the Public Policy Charge Balancing Account (R21 BA) in Compliance with Decision 19-03-013 Ordering Paragraph 7

Keywords (choose from CPUC listing): Compliance, Balancing Account

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.19-03-013

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:

Confidential treatment requested?  Yes  No

If yes, specification of confidential information:

Confidential information will be made available to appropriate parties who execute a nondisclosure agreement. Name and contact information to request nondisclosure agreement/ access to confidential information:

Resolution required?  Yes  No

Requested effective date: 8/5/19

No. of tariff sheets: 3

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: Preliminary Statement Part HY

Service affected and changes proposed<sup>1</sup>: N/A

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

<sup>1</sup>Discuss in AL if more space is needed.

**Protests and all other correspondence regarding this AL are due no later than 20 days after the date of this submittal, unless otherwise authorized by the Commission, and shall be sent to:**

CPUC, Energy Division  
Attention: Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102  
Email: [EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Name: Erik Jacobson, c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility Name: Pacific Gas and Electric Company  
Address: 77 Beale Street, Mail Code B13U  
City: San Francisco, CA 94177  
State: California Zip: 94177  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: [PGETariffs@pge.com](mailto:PGETariffs@pge.com)

Name:  
Title:  
Utility Name:  
Address:  
City:  
State: District of Columbia Zip:  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

Cal P.U.C. Sheet No.	Title of Sheet	Cancelling Cal P.U.C. Sheet No.
44711-E	ELECTRIC PRELIMINARY STATEMENT PART HY RULE 21 BALANCING ACCOUNT (R21 BA) Sheet 1	
44712-E	ELECTRIC PRELIMINARY STATEMENT PART HY RULE 21 BALANCING ACCOUNT (R21 BA) Sheet 2	
44713-E	ELECTRIC TABLE OF CONTENTS Sheet 1	44679-E
44714-E	ELECTRIC TABLE OF CONTENTS Sheet 17	44694-E



**ELECTRIC PRELIMINARY STATEMENT PART HY**  
**RULE 21 BALANCING ACCOUNT**  
**(R21 BA)**

Sheet 1

(N)  
(N)  
(N)

HY. RULE 21 BALANCING ACCOUNT (R21 BA)

(N)

1. **PURPOSE:** The purpose of the Rule 21 Balancing Account (R21 BA) is to track the costs associated with the development of Process Option 2 as authorized by Decision (D.) 19-03-013. Ordering Paragraph (OP) 7 of D. 19-03-013 approves the establishment of the R21 BA to record the implementation expenses of upgrading PG&E's (online) portal to update the existing application process for material modification, to be funded by a portion of customer interconnection fees collected based on the annual Net Energy Metering Costs filing.
2. **APPLICABILITY:** The R21 BA shall apply to all eligible customer-generators who elect to modify their existing facilities using Process Option 2 (i.e. Process Option 2: Notification is required but the customer can proceed with building the system and turning on the system without waiting for utility approval<sup>1</sup>) for the following cases: (1) replacing equipment "like-for-like", where system output does not exceed what is listed in the original interconnection agreement and operating mode is not adjusted; (2) Replacing equipment that may increase the nameplate capacity of the system, but which employ inverter power controls that limit the real power output to the inverter listed size in the original agreement;<sup>2</sup> and (3) Adding storage capacity to an existing storage facility without changing inverter.<sup>3</sup>
3. **REVISION DATE:** The balance in this account will be included in the Annual Electric True-up (AET) filing or through an advice letter filing as authorized by the Commission.
4. **RATES:** The R21 BA does not have a rate component.
5. **ACCOUNTING PROCEDURE:** The following entries (net of RF&U) will be made each month, or as applicable, as follows:
  - a. A debit entry equal to PG&E's incremental operating and maintenance (O&M) and administrative and general (A&G) expenses incurred associated with the development of Process Option 2.
  - b. A debit entry equal to the capital-related costs incurred for depreciation, return on investment, federal and state income taxes, and property taxes associated with the costs of installed equipment.

<sup>1</sup> Process Option 2 is defined in D. 19-03-013, in the Table 3 Heading.

<sup>2</sup> For projects increasing capacity to less than 100 kilowatt (kW), pending the creation of certification schemes for inverter power controls (software/firmware) to limit export, and for projects of any size that are requesting an increase in capacity within 110 percent of their original generating capacity, process option 2 shall be used, both pursuant D. 13-03-013, Ordering Paragraph 6.

<sup>3</sup> If the Commission determines that a generator's maximum output should be based on its rated capacity.

(N)

(Continued)

Advice 5584-E  
Decision 19-03-013

Issued by  
**Robert S. Kenney**  
Vice President, Regulatory Affairs

Submitted  
Effective  
Resolution

July 8, 2019  
August 5, 2019







**ELECTRIC TABLE OF CONTENTS**

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Part GC	California Energy Systems for the 21 <sup>st</sup> Century Balancing Account.....	40561-E
Part GD	Smart Grid Pilot Deployment Project Balancing Account.....	32540,32541, 32542-E
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(Continued)

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

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