

PUBLIC UTILITIES COMMISSION

505 VAN NESS AVENUE



July 15, 2022

**Advice Letters 6532-E & 6532-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: Revise Option R Eligibility Requirements and Implement a Participation Cap and Reservation System Pursuant to D.21-11-016 in PG&E's 2020 GRC Phase 2 Proceeding.**

Dear Mr. Jacobson:

Advice 6532-E & 6532-E-A are effective as of April 18, 2022.

Sincerely,

A handwritten signature in black ink that reads "Leuwam Tesfai".

Leuwam Tesfai  
Deputy Executive Director for Energy and Climate Policy  
California Public Utilities



**Sidney Bob Dietz II**  
Director  
Regulatory Relations

Pacific Gas and Electric Company  
77 Beale St., Mail Code B13U  
P.O. Box 770000  
San Francisco, CA 94177

Fax: 415-973-3582

March 18, 2022

**Advice 6532-E**

(Pacific Gas and Electric Company ID U 39 E)

Public Utilities Commission of the State of California

**Subject:     Revise Option R Eligibility Requirements and Implement a Participation Cap and Reservation System Pursuant to D.21-11-016 in PG&E's 2020 GRC Phase 2 Proceeding**

**Purpose**

Pacific Gas and Electric Company (PG&E) submits this Tier 2 advice letter to implement the expansion of the Option R eligible onsite renewable distributed generation technologies and implement an Option R participation cap and pre- Permission to Operate (PTO) reservation system in accordance with the Commercial and Industrial Rate Design Supplemental Agreement<sup>1</sup> (C&I Settlement) adopted by Decision (D.) 21-11-016 in PG&E's 2020 General Rate Case (GRC) Phase 2 proceeding (Application (A.) 19-11-019). PG&E proposes to implement these changes within 60 days after the disposition of this advice letter.

**Background**

On November 19, 2021, the California Public Utilities Commission (CPUC or Commission) issued D.21-11-016 in PG&E's 2020 GRC Phase 2 proceeding. Among other items, Ordering Paragraph (OP) 20 of D.21-11-016 adopted the C&I Settlement, ordering PG&E to implement the provisions of the settlement as soon as practicable. In the C&I Settlement, the C&I Settling Parties<sup>2</sup> agreed to changes in the eligibility requirements as outlined in Section F.1. These changes involved expanding the eligibility

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<sup>1</sup> See Motion of Pacific Gas and Electric Company for Adoption of Commercial and Industrial Rate Design Supplemental Settlement Agreement dated April 13, 2021.

<sup>2</sup> C&I Settling Parties include PG&E, the California City County Street Light Association (CALSLA), the California Large Energy Consumers Association (CLECA), the California Manufacturers & Technology Association (CMTA), the Direct Access Customer Coalition (DACC), the Energy Producers and Users Coalition (EPUC), the Energy Users Forum (EUF), the Federal Executive Agencies (FEA), the Public Advocates Office at the California Public Utilities Commission (Cal Advocates), the Joint Community Choice Aggregators (Joint CCA), the Solar Energy Industries Association (SEIA), and the Small Business Utility Advocates (SBUA).

requirements and implementing a participation cap of 600 MW, based on the capacity of eligible technology. In addition, Section F.1.h required PG&E to submit an advice letter to propose a pre-PTO reservation system similar to that approved previously for Option S to implement this participation cap no later than four months after a final decision was rendered A.19-11-019. PG&E submits this advice letter to comply with this requirement and to outline the revised eligibility requirements for Option R as defined below.

#### *Expansion of Option R Eligibility Requirements*

The C&I Settling Parties agreed to expand the eligibility requirements to include “customers with solar, wind, fuel cells or other eligible onsite Renewable Distributed Generation Technologies as defined by CSI or SGIP, customers with behind-the-meter storage whether it is paired with such renewable distributed generation or it is stand-alone storage, and Permanent Load Shifting (PLS) technologies.”<sup>3</sup> The expanded eligibility requirements are subject to the following provisions:

- a) Eligible renewable generation systems and PLS systems must have a net renewable generating capacity or load shift capacity equal to or greater than 15 percent of the customer’s annual peak demand, as recorded over the previous 12 months.
- b) For standalone storage, the customer’s system must have a minimum discharge capacity equal to or greater than 20 percent of the customer’s annual peak demand, as recorded over the previous 12 months. Discharge capacity for Option R will be calculated using the same method as that used for Option S.
- c) There shall be no maximum limitation of eligibility for Option R based on individual customer peak demand, provided however, (1) customers meet the eligibility requirements for Schedules B-19(V) and B-20; and (2) limitations on the maximum peak demand that may be required on other schedules or programs are not waived by taking services under Option R.

#### *Implementation of Option R Participation Cap*

The C&I Settling Parties agreed to limit Option R enrollment to a participation cap of 600 MW, based on the capacity of the eligible technology. The 600 MW participation cap is subject to the following provisions:

- a) The capacity that is already enrolled in Option R on Schedules E-19, E-19V, and E-20 counts towards reaching the participation cap.
- b) The participation cap excludes the capacity of PLS customers who are utilizing PLS technologies to be eligible for Option R.
- c) For eligible renewable technologies, the qualifying capacity counted towards reaching the participation cap is based on net renewable generating capacity (i.e.,

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<sup>3</sup> C&I Settlement, page 10.

the amount of power actually delivered by the generator net of any losses such as auxiliary loads, thermal management loads, etc.).

- d) For stand-alone storage, the qualifying capacity counted towards the participation cap is the discharge capacity of the storage system. Discharge capacity shall be calculated for Option R using the same method as is used for Option S, which is a net output value after losses.
- e) For paired storage systems, the qualifying capacity counted towards the participation cap is the larger of the system's California Energy Commission (CEC) alternating current (AC) solar capacity or the discharge capacity of the discharge solar system (but not both).

### **Tariff Revisions**

PG&E proposes to file a supplement to this Advice Letter within 15 days providing revisions to the current Option R tariff language to align with the settlement language adopted in D.21-11-016. This tariff language would go into effect concurrently with the implementation of a reservation system 60 days after the disposition of this advice letter, to ensure an orderly process for enrolling newly eligible customers on Option R while also monitoring and adhering to the new Option R participation cap.

### **Discussion**

Once the 600 MW participation cap for Option R is put in place, there is potential risk for a project developer that by the time their project has reached PTO, capacity within Option R is exhausted. This may occur even if capacity is available at the beginning of a project. As the project moves from development to design, permitting, construction, commissioning to PTO, the sunk cost into the project will grow. Between the time of initiation and the completion of a project, enrollment in Option R may reach its capacity cap, leaving the project developer with an in-flight project that now has lost access to a price structure that it was designed to optimize.

PG&E Option R enrollment to date is approximately 257 MW of the 600 MW total. Consistent with PG&E's current tariffs, these customers are all customers with photovoltaic solar systems (PV).

Table 1. Currently enrolled on Option R and operating (Received PTO)		
Rate	Number of Customers	MW
E19V	82	34.48
E19	47	46.08
E20	30	75.46
B19V	51	15.42
B19	24	16.39
B20	9	69.05

In addition, PG&E has a large number of existing customers that are potential Option R customers: those that are eligible for Option R but are not choosing to take service on Option R and those that will become eligible based on the expanded eligibility requirements adopted by D.21-11-016. For information purposes, table 2 below shows storage interconnection applications by category of rate eligibility for customers that would be eligible for service on Option R and would be subject to the cap.

Table 2. Existing storage interconnections by category of rate eligibility for customers that would be eligible for — and may elect to take service on — Option R		
Rate	Number of Customers	MW
E19V	234	64.76
E19	89	44.91
E20	68	120.21
B19V	644	99.03
B19	185	69.25
B20	175	114.00

### **Proposal for pre-PTO Reservation System**

The C&I Settlement adopted by D.21-11-016 proposed to expand the renewable distributed generation technologies eligible for Option R to include solar, wind, fuel cells or customers with behind the meter storage whether it is paired with such renewable distributed generation i.e., pressure reduction turbine, waste heat to power, steam turbine, gas turbine, microturbine, internal combustion engine, linear, generators, or it is standalone storage, or permanent load shifting (PLS) technologies.

PG&E proposes to implement a pre-PTO reservation system for the Option R rate modifier modeled after the Option S pre-PTO reservation system in an effort to address the concerns articulated above: the pre-PTO reservation system will reduce the risk to solar and storage developers of not qualifying for Option R at the time of post-PTO enrollment and the possibility that any of the available rate schedules reach the maximum capacity of 600 MW by the time a project reaches PTO. PG&E's proposed pre-PTO reservation system would enable customers that are eligible to reserve enrollment in Option R prior to PTO through PG&E's interconnection process.

PG&E customers will begin the reservation process on PG&E's Option R website, where they will be prompted to fill out a preformatted email and attach the signed interconnection agreement and send it to a dedicated email address. Once the customer's Option R reservation request is received, PG&E will verify the reservation request for completeness within 5 business days. Once a request is confirmed complete, PG&E will then conduct a preliminary Option R eligibility check within an additional 5 business days, and then confirm there is capacity left in the Option R cap to accommodate the customer's project. PG&E will then notify the customer of their reservation status and provide any reason(s) the request was denied. A customer reservation will be held for 18-months initially, and

the customer can request up to two six-month extensions, by sending the request for extension and reason(s) to the dedicated email address.

Once the reservation process is in place – to occur on the first business day 60 days subsequent to the disposition of this advice letter – only PG&E customers that have reserved Option R capacity through this process will be considered for enrollment into Option R. Limiting enrollment to this single process ensures that reserved capacity cannot be taken by a project which enrolls through an alternate process. For example, if a project enrolls in Option R outside the reservation process and causes the cap to be reached while another project is in its five-day eligibility check window, the capacity that was available and should have been set aside for that reservation will have been already taken. In this scenario the certainty afforded by a reservation system breaks down.

To ensure a smooth transition to the reservation process, PG&E will provide reservation process instructions on its Option R website at least 45 days prior to the initiation of the process and at least 30 days prior to the initiation of the process, PG&E will notify interested customers (applicants with pending interconnection applications that will be eligible for Option R as well as customers with PTO that are newly eligible) that the new reservation process is going to into effect.

On PG&E's Option R website, PG&E will report Option R capacity availability.

The submittal would 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 electronically via E-mail, no later than April 7, 2022, which is 20 days after the date of this submittal. Protests must be submitted to:

CPUC Energy Division  
ED Tariff Unit  
E-mail: EDTariffUnit@cpuc.ca.gov

The protest shall also be electronically sent to PG&E via E-mail at the address shown below on the same date it is electronically delivered to the Commission:

Sidney Bob Dietz II  
Director, Regulatory Relations  
c/o Megan Lawson  
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 and 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).

### **Effective Date**

Pursuant to General Order (GO) 96-B, Rule 5.2, and OP 20 of D. 21-11-016), this advice letter is submitted with a Tier 2 designation. PG&E requests that this Tier 2 advice submittal become effective on regular notice, April 17, 2022 which is 30 calendar days after the date of submittal.

### **Notice**

In accordance with General Order 96-B, Section IV, a copy of this advice letter is being sent electronically to parties shown on the attached list and the parties on the service list for A.19-11-019. 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/>.

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/S/

Sidney Bob Dietz II  
Director, Regulatory Relations

Attachments

cc: Service List A.19-11-019



# 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) #: 6532-E

Tier Designation: 2

Subject of AL: Revise Option R Eligibility Requirements and Implement a Participation Cap and Reservation System Pursuant to D.21-11-016 in PG&E's 2020 GRC Phase 2 Proceeding

Keywords (choose from CPUC listing): Compliance

AL Type:  Monthly  Quarterly  Annual  One-Time  Other:

If AL submitted in compliance with a Commission order, indicate relevant Decision/Resolution #: D.21-11-016

Does AL replace a withdrawn or rejected AL? If so, identify the prior AL:

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: 4/17/22

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

California Public Utilities Commission  
Energy Division Tariff Unit Email:  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

Contact Name: Sidnev Bob Dietz II. c/o Megan Lawson  
Title: Director, Regulatory Relations  
Utility/Entity Name: Pacific Gas and Electric Company  
  
Telephone (xxx) xxx-xxxx: (415)973-2093  
Facsimile (xxx) xxx-xxxx: (415)973-3582  
Email: PGETariffs@pge.com

Contact Name:  
Title:  
Utility/Entity Name:  
  
Telephone (xxx) xxx-xxxx:  
Facsimile (xxx) xxx-xxxx:  
Email:

CPUC  
Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, CA 94102

Clear Form

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

AT&T  
Albion Power Company

Alta Power Group, LLC  
Anderson & Poole

Atlas ReFuel  
BART

Barkovich & Yap, Inc.  
Braun Blasing Smith Wynne, P.C.  
California Cotton Ginners & Growers Assn  
California Energy Commission

California Hub for Energy Efficiency  
Financing

California Alternative Energy and  
Advanced Transportation Financing  
Authority  
California Public Utilities Commission  
Calpine

Cameron-Daniel, P.C.  
Casner, Steve  
Center for Biological Diversity

Chevron Pipeline and Power  
City of Palo Alto

City of San Jose  
Clean Power Research  
Coast Economic Consulting  
Commercial Energy  
Crossborder Energy  
Crown Road Energy, LLC  
Davis Wright Tremaine LLP  
Day Carter Murphy

Dept of General Services  
Don Pickett & Associates, Inc.  
Douglass & Liddell

East Bay Community Energy Ellison  
Schneider & Harris LLP  
Engineers and Scientists of California

GenOn Energy, Inc.  
Goodin, MacBride, Squeri, Schlotz &  
Ritchie  
Green Power Institute  
Hanna & Morton  
ICF  
International Power Technology

Intertie

Intestate Gas Services, Inc.  
Kelly Group  
Ken Bohn Consulting  
Keyes & Fox LLP  
Leviton Manufacturing Co., Inc.

Los Angeles County Integrated  
Waste Management Task Force  
MRW & Associates  
Manatt Phelps Phillips  
Marin Energy Authority  
McClintock IP  
McKenzie & Associates

Modesto Irrigation District  
NLine Energy, Inc.  
NRG Solar

OnGrid Solar  
Pacific Gas and Electric Company  
Peninsula Clean Energy

Pioneer Community Energy

Public Advocates Office

Redwood Coast Energy Authority  
Regulatory & Cogeneration Service, Inc.  
SCD Energy Solutions  
San Diego Gas & Electric Company

SPURR  
San Francisco Water Power and Sewer  
Sempra Utilities

Sierra Telephone Company, Inc.  
Southern California Edison Company  
Southern California Gas Company  
Spark Energy  
Sun Light & Power  
Sunshine Design  
Tecogen, Inc.  
TerraVerde Renewable Partners  
Tiger Natural Gas, Inc.

TransCanada  
Utility Cost Management  
Utility Power Solutions  
Uplight  
Water and Energy Consulting Wellhead  
Electric Company  
Western Manufactured Housing  
Communities Association (WMA)  
Yep Energy