

Informal Comments of Sunrun, Inc. Itron's Draft Net Energy Metering Evaluation Plan

Sunrun appreciates the opportunity to provide informal comments to Energy Division staff on the draft Net Energy Metering Evaluation Plan – aka. NEM 2.0 Lookback Study – prepared and submitted by Itron.

We recommend considering the limitations of only evaluating the impacts of Net Energy Metering. Lost utility revenues from decreased net loading does not create a “cost-shift” specific to NEM 2.0 as lost revenues are not a cost and not all revenue requirements must be recovered. The current proposed study approach only examines the impacts of NEM customers but does not propose to evaluate lost revenues and costs for all customer-sited energy resources and programs that reduce demand. These costs should also be evaluated from a societal approach, where it does not matter that the NEM 2.0 customer is exporting and sharing locally produced renewable energy.

Sunrun recommends examining the broader challenges related to lost utility revenue recovery and savings customers can realize through smart investments in energy conservation measures on a more comprehensive basis, rather than only focusing on NEM 2.0. As lost utility revenues are not specific to NEM 2.0 customers, understanding these costs will in no way change the challenges associated with the current regulatory business model. This analysis could instead be used to understand how all DERs can be optimized in coordination across all utility programs in order to determine a long term solution that can empower the utility and customers to address our energy needs and goals in a coordinated and cost-effective manner.

Beyond the scope limitations highlighted, the timing of this study is also a challenge as draft research plan indicates that it will utilize the “most recently approved and publicly available version of the CPUC avoided cost calculator to develop representative marginal costs for PG&E, SCE and SDG&E.”

Sunrun is concerned that the study will use the existing avoided cost calculator when the calculator is currently undergoing revision, and parties are filing briefs and comments now on revisions to the calculator. Further, Sunrun understands that the energy price forecast in the existing avoided cost calculator is incorrect, making it an inappropriate tool for use in any year beyond 2019. Finally, the avoided cost calculator does not include important values such as – including avoided transmission and distribution costs, and value for increased resiliency.

If this study is to proceed as proposed, there should be an expanded scope to evaluate how the identified costs may change if NEM 1.0 and NEM 2.0 customers operating profiles were to be modified based on current and forecasted utility needs. Given that there appears to be no analysis of the future or current needs of the distribution system, significant grid modernization benefits are lost that NEM customer could provide to defer and avoid future investments as California electrifies society in order to achieve out State decarbonization and clean energy mandates.

In conclusion, Sunrun believes there is limited value in conducting this study using the existing avoided cost calculator and recommends that any NEM 2.0 evaluation be part of a broader analysis of all utility customer programs. Analyzing NEM in isolation, without considering all future distribution and transmission investments needed to electrify and decarbonize California, will ensure that ratepayers will be paying higher costs for the State's energy infrastructure. Alternatively, analyzing and planning for an energy future where LSEs offer programmatic solutions that are aligned with the local and regional planning needs of the power system will accelerate decarbonization at a lower cost.