



January 16, 2009

California Public Utilities Commission
Energy Division
Curtis Seymour css@cpuc.ca.gov
Melicia Charles mvc@cpuc.ca.gov

Post-Workshop Comments regarding the Virtual Net Metering (VNM) for Multifamily Affordable Solar Housing (MASH) Tariff Implementation Workshop

Dear Mr. Seymour and Ms. Charles:

The California Center for Sustainable Energy (CCSE) appreciates your work in presenting the Virtual Net Metering (VNM) for Multifamily Affordable Solar Housing (MASH) Tariff Implementation Workshop on January 8, 2009. CCSE has been supportive of this effort from the start, and sees long-term value in developing this functionality within utility billing systems. We hereby submit these post-workshop comments:

Allocation Credits

As per the VNM for MASH presentation, the utilities have proposed that “[i]f [a residential] unit becomes unoccupied (account is closed), the allocation credits to that unit during the time it is unoccupied will be lost.”¹ We note Decision (D.)08-10-036 indicates the MASH program “is designed to...provide economic benefits for both affordable housing property owners and managers and building occupants.”² Accordingly, if the goal is to maximize benefits to affordable housing property owners and managers and the tenants of those buildings, then the allocation credits from a unit that becomes unoccupied should either go back to building owner or manager, or be distributed proportionately among the tenants.

Account Charges

Clarification is needed regarding the array of fixed charges contemplated for VNM rates. It appears the utilities seek to collect not only a regular monthly charge, but also an additional charge of \$5 per meter per month, labeled as “other charge”.³ This charge may be at odds with Appendix B of D.08-10-036, which states “[t]he VNM tariff may not apply any additional charges or administration fees on tenants who benefit from the VNM tariff.”⁴ Furthermore, the utilities indicate they “will seek

¹ Virtual Net Metering (VNM) for Multifamily Affordable Solar Housing presentation, January 8, 2009, slide 16.

² D.08-10-036, *Decision Establishing Multifamily Affordable Solar Housing Program within the California Solar Initiative*, October 16, 2008, page 6.

³ VNM for Multifamily Affordable Solar Housing presentation at slide s13 and 14.

⁴ D.08-10-036, Appendix B at page 1.

reasonable cost recovery through [the] general market CSI administration budget [for implementation of the VNM tariff, as well as] a means to effect reasonable cost recovery [for administration].”⁵ We respectfully request the Commission seek further explanation from the utilities regarding all costs sought for the development, implementation and administration of the VNM tariff, so that the full array of cost recovery options might be considered openly.

Costs of VNM Development and Implementation

CCSE has significant concerns regarding the cost of VNM and how Decision (D.) 08-10-036 will impact the general market CSI administrative budget in our program region. Specifically, Conclusion of Law 22 allows “the utilities to recover their reasonable costs for implementation of VNM from the administrative budget for the general market CSI program.”⁶ San Diego Gas & Electric (SDG&E) has estimated that VNM implementation would cost approximately \$600,000, which would comprise approximately 8% of the remaining administrative budget for our program region through 2016. Our region’s CSI administrative budget would be quite negatively impacted if all the costs of VNM implementation are drawn against it.

We note that D.08-10-036 states that CCSE suggested that the costs for VNM implementation be covered by the general market CSI administrative budget. This was not our intent, and in fact, we suggested that the VNM implementation costs be covered more broadly by the rate base, recommending that:

the Commission investigate the necessary costs of implementation and look for other programs with which to share the cost of this infrastructure, in order to permit spreading the costs more broadly. For example, the Commission has proposed that it ‘will consider expanding VNM to all multitenant properties, not just affordable housing.’ If all multifamily properties were eligible for VNM, the costs of development and implementation could reasonably be allocated to a broader program pool within the rate base.⁷

At the same time, D.08-10-036 includes a direction to “explore expansion of the VNM tariff to all multitenant properties that install solar energy systems.”⁸ We would encourage even broader thinking. VNM and its underlying functionality has potential to facilitate implementation of innovative projects not only within the MASH and mainstream CSI programs, but also other DG programs and even more broadly for efficiency projects and conceivably others for which the benefits are appropriately allocated to multiple tenants or owners based on specific criteria. We hope the Commission will explore all opportunities to allocate the costs of VNM implementation across a broader program pool within the rate base where possible.

Should the Commission maintain that the utilities are able to recover the costs of VNM development and implementation from the general market CSI administrative budget, we urge the Commission to ensure that a specific scope of work for VNM development and implementation is developed for each MASH program territory. While the fixed costs for development are similar in each program region, of the Program Administrators’ general market CSI administrative budgets, CCSE’s is the smallest. As such, we must ensure that these funds are utilized judiciously; managing to a specific scope of work would allow us to accomplish this effectively.

⁵ VNM for Multifamily Affordable Solar Housing presentation at slide 17.

⁶ D.08-10-036, at page 50, Conclusion of Law 22.

⁷ *Comments of the California Center for Sustainable Energy Regarding the Proposed Decision Establishing Multifamily Affordable Solar Housing Program within the California Solar Initiative*, September 29, 2008, page 6.

⁸ D.08-10-036, at page 52, Ordering Paragraph 6.

We thank you for providing us with the opportunity to provide post-workshop comments.

Sincerely,

A handwritten signature in black ink, reading "Joseph Andrew McAllister" with a long horizontal flourish at the end.

Andrew McAllister
Director of Programs
California Center for Sustainable Energy (CCSE)