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Subject: R.20-08-020: Letter From AECA/Farm Bureau Regarding Revised Proposed Decision
Date: Thursday, November 9, 2023 4:24:47 PM
Attachments: [AECA-CFBF Letter - Revised NEMA PD.pdf](#)

President Reynolds and Commissioners:

The attached letter describes Agricultural Energy Consumers Association's (AECA) and California Farm Bureau Federation's deep concerns with the revisions to the Proposed Decision relating to elimination of netting of on-site generation at agricultural operations.

Pursuant to CPUC Rule 8.2(c)(3), AECA is serving this email and letter on the service list for R.20-08-020.

Thank you for your attention to this letter.

Sincerely,

Michael Boccadoro

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November 9, 2023

VIA ELECTRONIC MAIL

President Alice Busching Reynolds
Commissioner Genevieve Shiroma
Commissioner Darcie L. Houck
Commissioner John Reynolds
Commissioner Karen Douglas

Dear President Reynolds and Commissioners:

The Agricultural Energy Consumers Association (AECA) and California Farm Bureau Federation (Farm Bureau) are deeply concerned and strongly oppose the flawed analysis in the revised Proposed Decision regarding NEMA and cost shifting and the related conclusion that netting should not be allowed for agricultural Net Energy Metering Aggregation (NEMA) customers.

Finding of Fact 20 is correct that the “Lookback Study finds that the *commercial industrial, and agricultural customer segments of the NEM 2.0 tariff generally pass the TRC test and nonresidential sector customers as a whole pay rates that fully cover their costs of services.*” There is no dispute that agricultural customers are among nonresidential customers. The Lookback Study on which the Proposed Decision relies explicitly acknowledges it did not separately analyze NEMA customers. The Lookback Study nonresidential customer findings comprise the evidence before the Commission, and they cannot be disregarded.

The revised Proposed Decision unfortunately moves from Finding of Fact 20 and the Lookback Study findings into a flawed analysis focused on the *number of customers* in various customer categories taking service under NEMA. The Proposed Decision observes residential and mixed residential/nonresidential customers comprise most of the customers taking service under NEMA and agricultural customers are not the predominant category of NEMA customers. Because residential customers have been found to shift costs under NEM 2.0, the Proposed Decision takes a huge leap and eliminates netting for all NEMA customers.

By focusing only on the number of customers in NEMA customer categories, the Proposed Decision completely misses the point of a cost shifting analysis. *The answer to the question whether customers shift costs depends on load served (total dollars collected and expended), not number of customers.* Based on the information in the revised Proposed Decision (and comments of the agricultural parties in this proceeding), in PG&E’s service territory (the utility with the majority of NEMA customers), residential customers at 25.95 MW comprise approximately 3.3% of total NEMA load (786.24 MW). Mixed residential and nonresidential customers (202.39 MW) comprise approximately 26%, and nonresidential customers, including agricultural customers (557.9 MW) comprise approximately 71%. Even conservatively assuming arguendo that the residential component of the mixed residential and nonresidential load is an unlikely half of the 202.39 MW, then the nonresidential load taking service under NEMA in

PG&E's service territory would be approximately 84% of total NEMA load. In other words, ***based on extremely conservative assumptions, at least 84% – and likely more – of the load served under NEMA is of a class that the Lookback Study found fully covers its costs of service.***

If the Proposed Decision's intent truly is to base a determination on cost shifting, its analysis based on number of customers fails. The Proposed Decision should be revised to focus on the amount of load served. Based on ***amount of load served*** it is crystal clear that ***nonresidential NEMA customers do not shift costs*** and should be allowed to continue to aggregate loads on contiguous properties behind a single meter.

The Proposed Decision adopts different solutions for residential and nonresidential Virtual Net Energy Metering (VNEM) customers, and equity (nearly 50% of PG&E NEMA capacity is in disadvantaged communities) and the proceeding record supports similar treatment of NEMA customers. A simple solution is to close the NEMA tariff to residential customers (including the residential segment of the mixed category). This would address the Commission's cost shifting concerns and these customers would still have a VNEM option available.

NEMA was intended to facilitate the development of solar in the agricultural community; it allows agricultural customers to offset their energy use with on-site generation as single-meter customers do. By eliminating netting for agricultural customers who cover their costs of service based on erroneous analysis tied to numbers of participating customers rather than load, the revised Proposed Decision effectively eliminates NEMA, in most cases the only means for installing clean energy projects, at agricultural operations.

AECA and Farm Bureau urge the Commission not to penalize agricultural customers arbitrarily and unreasonably solely because a small amount of residential NEMA load may not be cost-effective. The record supports continuing to allow netting of on-site load for nonresidential NEMA customers and the Proposed Decision should be revised to do that. The solution offered here should resolve any cost shifting concerns and will also avoid eliminating the ability to install on-site solar at agricultural operations.

Sincerely,



Michael Boccadoro
Executive Director

Sincerely,



Kevin Johnston
Associate Counsel, Farm Bureau

cc: Kerry Fleisher, Advisor to President Reynolds
Cheryl Wynn, Chief of Staff to Commissioner Shiroma
Karin Sung, Chief of Staff to Commissioner Houck
Maria Sotero, Interim Chief of Staff to Commissioner Reynolds
Kourtney Vaccaro, Chief of Staff to Commissioner Douglas
R.20-08-020 Service List