

2021 Q-1 Interconnection Discussion Forum

MEETING LOGISTICS:

Wednesday January 20, 2021, 1:00pm – 2:10pm

WEBEX AND CALL-IN INFORMATION:

Attendee Registration Link:

<https://cpuc.webex.com/cpuc/onstage/g.php?MTID=e589123b40629f297f8e7066661eeeed6>

Event Password: eyedf

Call-in (Audio only):

United States Toll Free: +1-855-282-6330

United States Toll: +1-415-655-0002

Participant call-in code: 146 657 1621

AGENDA

1:00 - 1:05 p.m. – Welcome and Introduction (Energy Division)

1:05 p.m.-1:35 p.m. – Problems with IOU Requirement for Fast Track Interconnection Milestones (Proposed and Presented by Community Renewable Solutions LLC (CRS))

This discussion will center on IOU perceptions of the purpose of Fast Track, and appropriate milestones. SCE has stated its view that Fast Track development milestones (negotiated as part of the Generator Interconnection Agreement, GIA) must be “months, not years.” This can cause problems because the ReMAT development process is different than a typical NEM development process. ReMAT requires, as a stated eligibility criterion, that projects have completed Fast Track studies before they can get in the queue for a Power Purchase Agreement (PPA). This issue is now ripe for discussion with the revival of ReMAT (a proposed decision is pending approval by the Commission in R.18-07-003).

1:35-2:05 p.m. – Rule 21 WG2/WG3/V2G-AC Decision (D.20-09-035) – Issue 15: Itemized Billing

Ordering Paragraph 31 of D.20-09-035 states that “No later than January 31, 2021, Utilities shall develop and present a proposal for improving their billing practices during an Interconnection Discussion Forum meeting.” Section 5.2.4 (Resolving Issue 15) of D.20-09-035 directs the Utilities to “prepare and present a bill on estimate proposal”.

2:05 p.m. – 2:10 p.m. – Wrap Up & Next Steps

Problems with IOU requirements for Fast Track interconnection milestones

Tam Hunt, J.D.

Community Renewable Solutions LLC

tam@communityrenewables.biz

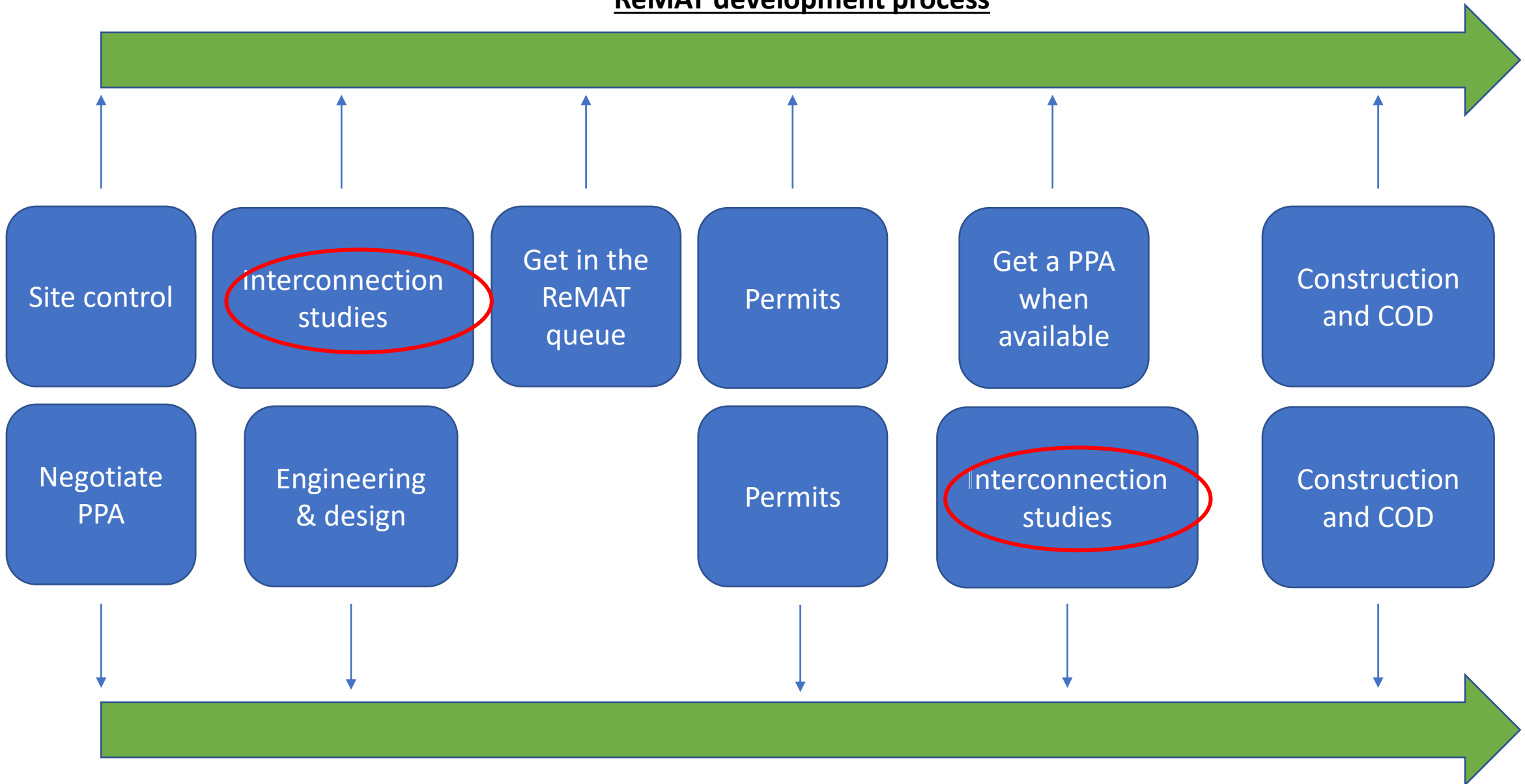
PURPA Standard Offer Contract has been modified

- D.20-05-006 in R.18-07-017 approved a new Standard Offer Contract that offers a 12-year contract for new projects
- Must be 20 MW or under
- New program went live this January
- SCE's SOC [website](#) states:
 - “Interconnection facilities and system upgrades which may be needed for project interconnect will need to be identified in this process to ensure that the proposed project commercial operation date (COD) is achievable. This study process and related construction may take substantial time to complete, depending on project size and location, among other factors.”

ReMAT program requirements

- [ReMAT](#) is the state's primary small utility-scale DER procurement program
- Had been suspended since Dec. 2017 due to a court challenge
- D.20-10-005 in R.18-07-003 revived ReMAT
 - Advice letters are still pending approval by the Commission
- Applicants must complete interconnection studies to enter the ReMAT queue and thus have a chance to get a PPA
 - And must have a finding of less than \$300k in system upgrades in order to qualify as “strategically located” per SB 32 (see [D.12-05-035](#), p. 58 and p. 70).

ReMAT development process



NEM development process

Comparing front-of-meter to behind-the-meter project development process

- Front-of-meter projects must pay full interconnection costs
- So developers must know costs as soon as possible in the development process in order to incorporate costs of interconnection into their bid and *pro forma*
- ReMAT and other PPA programs usually require interconnection studies to be completed to be eligible to bid
- Behind-the-meter interconnection costs are guaranteed and subsidized so can be done as one of the last things before COD

What's the problem?

- SCE has stated its view that Fast Track development milestones (negotiated as part of the Generator Interconnection Agreement, GIA) must be “months, not years” (email communications from SCE interconnection staff)
- This can cause problems because ReMAT and RFOs usually require Fast Track completion or Phase 2 study completion before a bid may be made
- And: Developers must know interconnection costs for a given location as early as possible b/c front-of-meter projects have thin profit margins – so if interconnection would be too costly the developer must find a better site
- And: Developers can't risk existing interconnection capacity being taken at a given location if they wait to submit a Fast Track application later in their development process

Why this is ripe for IDF discussion

- New PURPA SOC and ReMAT programs for DER 3-20 megawatts
- ReMAT requires, as a stated eligibility criterion, that projects have completed Fast Track studies before they can get in the queue for a PPA
 - Applicants can choose either Rule 21 or WDAT/WDT for interconnection
 - Parties once in the queue must wait to be offered a PPA, based on their position in the queue and the degree to which the price offered works for that party

Solutions?

- CRS requests that each IOU:
 1. Submit a statement confirming the view that Fast Track milestones may, though not ideal, often extend into multiple years for front-of-meter projects, and that such negotiated milestones are acceptable for front-of-meter projects, and;
 2. Confirm their understanding that the purpose of Fast Track is to allow developers to rapidly pass through the interconnection study process at relatively low cost, in preparation for RFO submissions and ReMAT
 - Rule 21 section F.1.b states the purpose of Fast Track as follows (emphasis added): “Fast Track evaluation allows for rapid review of the Interconnection of those Generating Facilities that do not require Detailed Study. Regardless of study process”
 - Rapid review consists of the study process and GIA negotiation, and does not require rapid COD, which can take much longer because of the required steps for front-of-meter commercial development, which requires interconnection first in the development process, then permits, then obtaining a PPA and then COD

SDG&E's Itemized Billing



A  Sempra Energy utility®



SDG&E's Itemized Billing

- SDG&E is prepared to provide itemized billing that is consistent with the cost categories set forth in the Unit Cost Guide.
- Itemized billing is immediately possible to provide cost itemization based on SDG&E's existing system capabilities, in accordance with D.20-09-035 OP 31.
- There is no additional cost associated with implementing this approach.

SDG&E's Itemized Billing



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Type of Improvement	Description	Charges
Interconnection Facilities	Metering Current & Potential Transformers	\$ 11,319.00
	Operation & Maintenance	\$ 10,505.16
	ITCC (tax)	\$ 4,702.33
	Total Metering	\$ 26,526.49
	Telemetry	\$ 7,500.00
	Operation & Maintenance	\$ 7,053.56
	ITCC (tax)	\$ 3,257.32
	Total Telemetry	\$ 17,810.88
	Underground	\$ 500,800.00
	450 ft of Trench/conduit 1,000 ft pf 1,00cmll CU SCADA Switch 24 ft of 1,000kcmll AL Operation & Maintenance	\$ 80,678.88
ITCC (tax)	\$ 226,450.62	
Total Underground	\$ 807,929.50	
Distribution Upgrades	Modification to substation transformer LTC voltage control	\$ 15,000.00
	Operation & Maintenance	\$ 8,407.50
	ITCC (tax)	\$ 5,308.44
	Total Modification to substation transformer LTC voltage control	\$ 28,715.94
Total Charges for Distribution Interconnection Facilities and Upgrades - including ITCC/Cost of Ownership charges		\$ 880,982.81
Amount Paid		\$ 880,982.81
Total Amount Due		\$ -

Ordering Paragraph 31
D.20-09-035
Response to Proposed Decision
January 20, 2021

Itemized Billing Update

- Upgrade costs will now be itemized at the Unit Cost Guide level of detail in the Fast Track Report, IFFOA, and Final Cost Notification Letter
- SCE's Grid Interconnection Processing Tool (GIPT) Phase 1 for Rule 21 Non-Export applications will be leveraged to enable bill itemization, expected no later than 4Q 2021, if not before
- Itemization for Rule 21 Export interconnection projects will be handled consistent with the Rule 21 Non-Export itemized billing process, likely using a manual solution, also expected no later than 4Q 2021, if not before

Bill on Estimate Approach Update

- Bill on estimate approach is being evaluated across all SCE workgroups to fully understand impacts of the change on all stakeholders
 - Approach could Incorporate new milestone to update preliminary estimate after a more thorough evaluation of the distribution upgrades, site visits, engineering and design discussions with the customer
 - Tariff timelines will be considered so as not to compromise pre-established schedules



PG&E's Current State & Proposal to Improve Billing

Current State: PG&E has two types of billing:

1. Financial Security (NEM >1MW and Rule 21 Export)

Stakeholder feedback: Complicated, and lengthy process. Reconciliation can be polarizing: refunds are appreciated, but additional amounts due can create challenges for customers.

2. Bill-on-Estimate (All other Rule 21)

Stakeholder feedback: Prefer Bill-on-Estimate over Financial Security due to cost certainty and single payment.

Proposal to Improve Billing: PG&E will move to 100% Bill-on-Estimate and eliminate Financial Security for Distribution Upgrades and Interconnection Facilities (not Network Upgrades)

• Benefits:

- Cost certainty for customers – as there is no reconciliation based on final cost.
- Customer funds not held until project completion (in case of refund).
- Customer avoids Financial Security maintenance costs of \$5,000 or more per year.
- Reduced administrative burden on PG&E to reconcile costs.

• Challenges:

- Requires modification to interconnection agreements.
- Need to determine how to best address Rule 21 tariff language.