



February 7, 2018

East Bay Community Energy
Supervisor Scott Haggerty, Chair, and EBCE Board of Directors
Nick Chaset, CEO, and EBCE Staff
Via Email Submission to LDBPcomments@ebce.org

RE: Comments on *Net Metering (NEM) Strategy for East Bay Community Energy*

Dear Chair Haggerty, the EBCE Board of Directors, Mr. Chaset, and EBCE Staff:

Borrego Solar Systems, Inc. (Borrego) appreciates the opportunity to submit comments on the draft elements of East Bay Community Energy's (EBCE) Local Development Business Plan (LDBP). These comments are on the report prepared by Optony, Inc. and The Offset Project entitled *Net Metering (NEM) Strategy for East Bay Community Energy* ("NEM Report").¹

I. Background

Borrego specializes in developing, engineering, procuring, and constructing commercial solar and energy storage projects. Since 1980, Borrego has deployed nearly 450 MW of solar generation, over 100 MW of which are sited in California. With 60 employees at our Oakland office, Borrego is proud to be part of Alameda County's thriving renewable energy community.

Borrego commends EBCE for its focus on local resource development and its support for distributed energy resources. A strong net metering (NEM) program will create jobs, attract private investment in local clean energy, help EBCE meet its environmental goals, and attract customers to EBCE service. Indeed, the NEM Report concludes that a strong NEM program could generate \$634 million in new investment and 480 new local jobs per year in Alameda County.²

II. The NEM Report Creates Foundation For Strong Program

Borrego strongly supports many elements of the NEM Report and urges EBCE to adopt them.

A. Standard Adder

Borrego strongly supports the \$0.005/kWh standard adder for exports from NEM projects.³ This is an excellent way for EBCE to meet its goals of local renewable energy development and local

¹ Optony, Inc. & The Offset Project. *Net Metering (NEM) Strategy for East Bay Community Energy*. https://ebce.org/wp-content/uploads/EBCE-Net-Energy-Metering-Strategy-Recommendations_DRAFT.pdf.

² NEM Report, p. 17.

³ NEM Report, p. 8-9.

job creation. It will also ensure that EBCE is a leader among the CCAs, many of which offer adders on NEM exports,⁴ and that NEM customers continue to choose EBCE service.

B. Additional Adders

We also applaud the additional adders that the NEM Report recommends. We believe that the workforce adder is a great way to incent EBCE's desired workforce compensation, namely via an optional incentive (i.e. "carrot") rather than a program requirement (i.e. "stick").⁵

C. Grandfathering

Borrego supports the NEM Report's suggestion that EBCE's NEM program should offer the same grandfathering protections as PG&E's.⁶ It's important that customers who installed NEM projects with the expectation of 20 years of NEM 1.0 or 2.0 have the same terms from EBCE to protect their investments.

D. Colocation

EBCE's ambitious LDBP contemplates many local development programs. We support the NEM Report's recommendation that NEM projects and feed-in tariff projects be permitted to colocate so that a customer with a great solar site and a high level of interest in local renewable energy can help meet a number of the LDBP's goals at once.

III. Incenting Customer-Sited Storage

Customer-sited storage offers many benefits to EBCE. In addition to load shifting to address the "duck curve" and mitigate intermittency, distributed storage can shave peaks in demand and help defer costly utility infrastructure projects that wind up on EBCE customers' bills. In addition to feedback on the proposed supply shift adder, we offer two suggestions which, while outside the scope of the NEM program itself, could operate in tandem with NEM to incentivize customer-sited batteries in EBCE territory.

A. Supply Shift Adder Design

Borrego supports the NEM Report's supply shift adder as an excellent way for EBCE to incent customer-sited storage. However, we disagree with the suggestion that battery-paired NEM systems should only be eligible for the adder if EBCE can control 20% of the battery's capacity.⁷ This would be harmful to customer economics and in many cases would not outweigh the benefit of the additional \$0.005/kWh. EBCE should forego control of customer-sited batteries or offer a higher incentive.

B. Storage-Friendly Rates

⁴ A \$0.01/kWh NEM adder is offered by MCE Clean Energy (<https://www.mcecleanenergy.org/solar-customers/>), Sonoma Clean Power (<https://sonomacleanpower.org/netgreen/>), Peninsula Clean Energy, (<https://www.peninsulacleanenergy.com/our-power/solar-net-metering/>), and Redwood Coast Energy Authority (<https://redwoodenergy.org/community-choice-energy/business-and-government/cce-programs-for-business-and-government-customers/>).

⁵ NEM Report, p. 11-12.

⁶ NEM Report, p. 22.

⁷ NEM Report, p. 13.

In addition to the supply shift adder, Borrego recommends that EBCE adopt optional storage-friendly rates. Adopting rates that feature sharp year-round price differentials between the peak and off-peak time-of-use periods will incentivize load-shifting. Likewise, real-time pricing, critical peak pricing, and rates that align demand charges with the CCA's peak period will send a price signal to customers with storage to reduce the costly system peak. We encourage EBCE to investigate storage-friendly rate designs.

C. SGIP Adders

While EBCE customers have access to the SGIP program, the incentives in Steps 4 and 5 may be too low to make projects pencil. EBCE should consider creating an incentive for customer-sited storage that begins when PG&E's SGIP program reaches Step 4 and that outlasts SGIP.

IV. Consideration of Major Changes to NEM is Premature

The NEM Report recommends that EBCE get started now on developing a NEM successor tariff.⁸ Borrego urges EBCE to exercise caution with regard to major changes to NEM. While EBCE has the option to change its NEM program, including if and when the California Public Utilities Commission revises PG&E's NEM program in 2019 ("NEM 3.0"), EBCE should not spend valuable staff time or consultant resources trying to get ahead of any future tariff. There may be many developments over the course of the proceeding that EBCE may want to use to develop its own successor tariff. Lastly, the current NEM 2.0 program was implemented just over a year ago for PG&E customers, so it is premature for EBCE to consider any major program changes now.

V. Conclusion

Borrego appreciates the opportunity to submit comments on EBCE's NEM Report. Thank you for considering our feedback.

Respectfully submitted,

/s/ Rachel Bird

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⁸ NEM Report, p. 23.