

**PUBLIC UTILITIES COMMISSION**

505 VAN NESS AVENUE  
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November 30, 2017

**Golden State Water Company Advice Letter 325-E**

Quan Nguyen  
Golden State Water Company  
630 East Foothill Blvd  
San Dimas, CA 91773

Email: Nguyen.Quan@gswater.com

**Subject: Closure of Net Energy Metering Program to Additional Customers**

Dear Mr. Nguyen:

This disposition letter rejects without prejudice Golden State Water Company's (GSWC) advice letter (AL) 325-E filed on March 12, 2017, which is applicable to its Bear Valley Electric Service (BVES) district.

**Background**

On March 21, 2017, GSWC filed AL 325-E. In that AL, GSWC states that BVES reached its five percent net energy metering (NEM) cap on October 12, 2016, and is therefore closing its NEM tariff pursuant to Public Utilities (PU) Code Section 2827(c)(1). PU Code Section 28271(c)(1) provides that utilities are only obligated to offer a NEM tariff until the total rated generating capacity used by eligible customer-generators exceeds five percent of the electric utility's aggregate customer peak demand.

On April 10, 2017, the California Solar Energy Industries Association (CALSEIA) protested GSWC's AL, asserting that the subject matter of the AL is inappropriate for resolution via the AL process and that the relief requested is at odds with Commission precedent and state policy. GSWC replied to CALSEIA's protest on April 17, 2017, reasserting that statute does not obligate BVES to continue offering a NEM tariff after it reaches its five percent cap, and may therefore submit an AL closing the tariff to new customers.

**Discussion**

PU Code Section 2827(c)(1) only requires utilities to offer a NEM tariff until they reach their five percent NEM cap.<sup>1</sup> It does not require them to offer a NEM tariff after they have reached the cap.

In compliance with PU Code Section 2827(c)(1), GSWC's NEM rate schedules for eligible large and small customer-generators (CGs) state on page 1: "Availability of Schedule No. NEM-L [or NEM-S] will be on a first come, first serve basis until such time as the total rated generating capacity provided by all CGs under Net Energy Metering (NEM-S plus NEM-L) equals five percent (5%) of Bear Valley Electric Service (BVES) aggregate customer peak demand."

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<sup>1</sup> 2827(c)(1) reads: "Except as provided in paragraph (4) and in Section 2827.1, every electric utility shall develop a standard contract or tariff providing for net energy metering, and shall make this standard contract or tariff available to eligible customer-generators, upon request, on a first-come-first-served basis until the time that the total rated generating capacity used by eligible customer-generators exceeds 5 percent of the electric utility's aggregate customer peak demand."

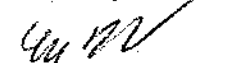
Section 8.2.1 of General Order (GO) 96-B declares that "Except for nontariffed or detariffed service, or a deviation (whether by contract or otherwise), authorized by statute or Commission order, a utility shall serve its California customers only at rates and under conditions *contained in its tariffs then in effect*" [italics added].

Given that GSWC's NEM tariffs explicitly state that the NEM program will be available until the cap has been reached, and the cap was reached on October 12, 2016, Energy Division finds that BVES may treat its NEM tariff as closed without approval from the Commission. This interpretation is consistent with Section 8.2.1 of GO 96-B, which allows GSWC's NEM tariff provisions to determine the rates available to its customers.

While there are no statutory or regulatory conditions that require GSWC to continue offering a NEM tariff after reaching its cap, Energy Division encourages GSWC as well as the other smaller electrical corporations with less than 100,000 service connections in California to continue offering a version of NEM past the five percent cap. NEM has been a popular customer generation program, with about 678,000 solar projects installed in the large investor-owned utility (IOU) territories since 1995. The large IOUs are currently offering a NEM Successor tariff, and we support GSWC and other utilities filing applications to extend their NEM programs on similar terms.

In conclusion, Energy Division finds that the GSWC's closing of its NEM tariff does not require an AL filing. We reject AL 325-E without prejudice on procedural grounds that the AL was unnecessary. BVES may thus close its NEM tariffs without approval from the Commission.

Sincerely,



Edward Randolph  
Director, Energy Division

cc: Kelly Knutsen, Ph.D., CALSEIA