

September 6, 2022

CPUC Energy Division Tariff Unit  
505 Van Ness Avenue  
San Francisco, California 94102  
[EDTariffUnit@cpuc.ca.gov](mailto:EDTariffUnit@cpuc.ca.gov)

**Re: Protest of the California Energy Storage Alliance to Advice Letter 4849-E of Southern California Edison Company**

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Dear Sir or Madam:

Pursuant to the provisions of General Order 96-B, the California Energy Storage Alliance (“CESA”) hereby submits this protest to the above-referenced Advice Letter 4849-E of Southern California Edison Company (“SCE”), *Tariff Modifications Regarding the Interconnection of Net Energy Metering Generating Facilities Sized Greater than One Megawatt to the Transmission System via the California Independent System Operator Interconnection Process Pursuant to Decision 22-07-001* (“Advice Letter”), submitted on August 17, 2022

## **I. INTRODUCTION & BACKGROUND.**

CESA appreciates the collaboration between stakeholders and the California Public Utilities Commission (“Commission”) on this issue regarding the interconnection of Net Energy Metering (“NEM”) systems to the transmission system. Originally the California Independent System Operator (“CAISO”) raised concerns surrounding, “large and transmission-connected resources interconnecting under Rule 21 and participating under net energy metering (“NEM”) tariffs,”<sup>1</sup> stating that, “[t]hese resources can have a significant impact on reliability and the wholesale markets.”<sup>2</sup>

After considering the record, the Commission determined that NEM generating facilities greater than 1 megawatt (“MW”) should interconnect under the CAISO’s Open Access Transmission Tariff (“OATT”). Importantly, the Commission also chose to protect mature projects that pursued Rule 21 Interconnection in good faith under the rules that were in place during the time the interconnection application was submitted. The Commission put in place a date of May 6, 2022, whereby projects with Permission to Operate (“PTO”) letters or “materially completed

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<sup>1</sup> *Response of the California Independent System Operator Corporation to Administrative Law Judge’s Ruling Reopening Record to Consider the Modification of Decision 12-09-018 And Rule 21* filed by CAISO on April 23, 2021, at 1.

<sup>2</sup> *Ibid.*

interconnection application[s]”<sup>3</sup> would be allowed to continue through the Rule 21 interconnection process. This is an important provision to maintain customer and business trust in Commission programs and tariffs. Separately, the Commission found that CAISO’s concerns surrounding safety and reliability were focused on larger resources above 1 MW and that “parties have raised no safety and reliability concerns with net energy metering generating facilities less than or equal to one megawatt in capacity interconnecting to the transmission grid.”<sup>4</sup> Therefore, the Commission chose to not make any changes to the existing interconnection process for projects 1 MW and smaller, allowing them to continue to interconnect through Rule 21.

Upon review of the Advice Letter, CESA finds the proposed modifications to Rule 21 and the NEM 2 tariffs to be largely compliant, outlining that systems will still be able to participate in NEM even if interconnecting via the CAISO OATT and reflecting the grandfathering provisions in the proposed Rule 21 modifications.

However, CESA protests the Advice Letter on two grounds. First, CESA protests the lack of inclusion of grandfathering provisions in the NEM 2 tariffs, which could preclude customers that had submitted materially complete interconnection applications as of May 6, 2022 from participating in NEM, against the intention of Decision (“D.”) 22-07-001. Second, CESA also protests on the grounds that SCE should determine the 1 MW cutoff using the gross nameplate inverter rating for all inverter-based generating facilities.

## II. DISCUSSION.

### A. Grandfathering provisions for projects greater than 1 MW interconnecting under Rule 21 should be laid out in the NEM 2 tariff.

While SCE has sufficiently laid out grandfathering terms in its proposed Rule 21 modifications,<sup>5</sup> it does not lay out grandfathering provisions for projects with materially complete interconnection applications as of May 6, 2022 in its changes to the NEM 2 tariff (“NEM-ST”) and sub-tariffs. Currently, SCE lays out interconnection requirements for projects greater than 1 MW as follows:

“All Customers with Generating Facilities sized larger than 1 MW seeking interconnection with SCE’s Transmission System shall apply to the CAISO for interconnection and be subject to the CAISO Tariff, and must submit an executed CAISO interconnection agreement prior to receiving service under this Schedule.”<sup>6</sup>

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<sup>3</sup> D.22-07-001 at Ordering Paragraph (“OP”) 1.

<sup>4</sup> D.22-07-001 at 19-20.

<sup>5</sup> See Advice Letter at 4. The proposed footnote 1 in Section B.1 specifies grandfathering provisions.

<sup>6</sup> Advice Letter at 5.

This implies that customers with projects greater than 1 MW that “have submitted a materially completed [Rule 21] interconnection application by May 6, 2022” and interconnect under Rule 21 would not be able to participate in NEM, even though D.22-07-001 does allow these projects and customers to take service under the NEM tariff.

As written, projects greater than 1 MW interconnecting to transmission via Rule 21 that had submitted materially complete interconnection applications as of May 6, 2022 could be prohibited from participating in NEM, given that they do not follow the interconnection provisions as outlined. CESA does not believe that SCE intends to prohibit these customers from participating in NEM, but we recommend modifying the proposed NEM 2 tariff language to provide further clarity surrounding applicability. Generally, CESA recommends the following language:

NEM-ST Special Conditions 2.a: All Customers with Generating Facilities sized larger than 1 MW seeking interconnection with SCE’s Transmission System shall apply to the CAISO for interconnection and be subject to the CAISO Tariff, and must submit an executed CAISO interconnection agreement prior to receiving service under this Schedule. This requirement is not applicable to Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022.

In The NEM-ST Tariff Special Conditions 2.b on applicable interconnection cost sharing provisions, CESA recommends that a footnote be added to clarify grandfathering provisions:

NEM-ST Special Conditions 2.b: Except for Customers with Generating Facilities sized larger than 1 MW seeking interconnection with SCE’s Transmission System,<sup>1</sup> Customers seeking to interconnect their Generating Facilities for the purpose of receiving service under this Schedule are subject to the interconnection requirements and interconnection cost responsibility provisions for NEM-ST Customers as established in SCE’s Electric Rule 21.

[1] Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022 will interconnect pursuant to SCE’s Electric Rule 21.

This language is based on Pacific Gas and Electric’s (“PG&E”) Advice Letter 6682-E and their proposed modifications to their NEM tariffs pursuant to D.22-07-001. CESA believes that this language will provide clarity for customers that have submitted materially complete Rule 21 interconnection applications as of May 6, 2022 and will continue to interconnect under Rule 21 for the purposes of participating in NEM. CESA recommends

additional modifications to NEM 2 sub-tariffs in line with the above language. Those recommendations are in Appendix A.

**B. The 1 MW cutoff should be measured using gross nameplate inverter capacity.**

The basis of D.22-07-001 and the modifications made to the interconnection process of resources greater than 1 MW was safety and reliability. The Commission stated that “the instant decision solely involves the question of a modification to Decision (D.) 12-09-018 of R.11-09-011 and/or a modification to Rule 21 to *address safety and reliability concerns [emphasis added]*”<sup>7</sup> In order to maintain safety and reliability, the Commission found it appropriate to have exporting facilities greater than 1 MW connecting to the transmission system interconnect via the CAISO OATT.

The methodology to determine system size for the 1 MW cutoff was not specified in the Decision. Given that the focus of the decision was on maintaining safety and reliability, primarily by preventing large exports of NEM generation to the transmission system, the determination of the 1 MW cutoff should reflect these goals. Therefore, CESA recommends that system size be determined by gross nameplate of the inverter or inverters in the NEM system. Ultimately, it is the inverter on the NEM generating facility and paired storage that determines the amount of power that can be exported to the grid, not the California Energy Commission (“CEC”) -AC Nameplate Rating. Additionally, the inverter gross nameplate rating is already used to determine other cutoffs regarding safety and reliability in Rule 21, such as determinations of telemetry needs.<sup>8</sup>

SCE does not specify how it will determine the 1 MW cutoff in its modifications to Rule 21 or the NEM tariff. CESA recommends that the following clarifications be made in both Rule 21 and the NEM tariffs as a part of a footnote.

In Rule 21, language can be added to the proposed footnote 1 in Section B.1:

[1] This requirement is not applicable to Net Energy Metering Generating Facilities with Permission to Operate letters received as of May 6, 2022 or proposed Net Energy Metering Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022. The rating of the generating facility, for the purposes of comparing its size relative to the 1-megawatt limit, will be determined based on the gross nameplate rating of the inverter

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<sup>7</sup> D.22-07-001 at 3.

<sup>8</sup> SCE’s Rule 21 tariff at Section J.5, Telemetering (Sheet 174): “If the nameplate rating of the Generating Facility is 1 MW or greater, Telemetering equipment at the Net Generation Output Metering location may be required at Producer’s expense.”

for each inverter based generator and the generator gross nameplate for each non-inverter based generator.

For the NEM-ST Tariff: a clarification can be made with a footnote in Special Conditions 2. Required Application and Contracts for Interconnection.

All Customers with Generating Facilities sized larger than 1 MW <sup>1</sup> seeking interconnection with SCE's Transmission System[...]

[1] The rating of the generating facility, for the purposes of comparing its size relative to the 1-megawatt limit, will be determined based on the gross nameplate rating of the inverter for each inverter based generator and the generator gross nameplate for each non-inverter based generator.

### III. CONCLUSION.

Considering the above, CESA recommends that modifications and clarifications should be made accordingly. CESA appreciates the opportunity to submit this protest on the Advice Letter and looks forward to collaborating with the Commission and stakeholders in this proceeding.

Respectfully submitted,



Jin Noh  
Policy Director  
**California Energy Storage Alliance**

cc: Connor Flanigan ([AdviceTariffManager@sce.com](mailto:AdviceTariffManager@sce.com))  
Tara S. Kaushik, c/o Karyn Gansecki ([Karyn.Gansecki@sce.com](mailto:Karyn.Gansecki@sce.com))  
Service list R. 11-09-011, R.17-07-007, and R.19-09-009

## Appendix A

NEM-V-ST Special Conditions 2.a: All Owners or Operators with Eligible Generators sized larger than 1 MW seeking interconnection with SCE's Transmission System shall apply to the CAISO for interconnection and be subject to the CAISO Tariff, and must submit an executed CAISO interconnection agreement prior to receiving service under this Schedule. This requirement is not applicable to Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022.

NEM-V-ST Special Conditions 2.b: Owners and Operators with Eligible Generators sized larger than 1 MW seeking interconnection with SCE's Transmission System shall be subject to applicable interconnection requirements and interconnection cost responsibility provisions set forth in the CAISO Tariff. This requirement is not applicable to Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022.

SOMAH- VNM Special Conditions 3.a: All Owners or Operators with Eligible Generators sized larger than 1 MW seeking interconnection with SCE's Transmission System shall apply to the CAISO for interconnection and be subject to the CAISO Tariff, and must submit an executed CAISO interconnection agreement prior to receiving service under this Schedule. This requirement is not applicable to Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022.

SOMAH-VNM Special Conditions 3.c: Owners or Operators with Eligible Generators sized larger than 1 MW seeking interconnection with SCE's Transmission System shall be subject to applicable interconnection requirements and interconnection cost responsibility provisions set forth in the CAISO Tariff. This requirement is not applicable to Generating Facilities with Permission to Operate letters received as of May 6, 2022, or proposed Generating Facilities with materially complete interconnection applications submitted as of May 6, 2022.