

**BEFORE THE PUBLIC UTILITIES COMMISSION OF THE
STATE OF CALIFORNIA**

Application of Southern California Edison
Company (U 338-E) to Establish Marginal Costs,
Allocate Revenues, and Design Rates.

A.17-06-030
(Filed June 30, 2017)

**MOTION OF SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E)
AND RENEWABLE ENERGY WATER DISTRICTS FOR ADOPTION OF
RENEWABLE ENERGY SELF-GENERATION BILL CREDIT TRANSFER
INDIFFERENCE MECHANISM SETTLEMENT AGREEMENT**

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Dated: **August 6, 2018**

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I.

INTRODUCTION

Pursuant to Rule 12.1 *et seq.* of the California Public Utilities Commission’s (Commission) Rules of Practice and Procedure, Southern California Edison Company (SCE), on behalf of itself and the Renewable Energy Water Districts (REWD) (together, the Settling Parties),¹ files this motion that requests the Commission find reasonable and adopt the “Renewable Energy Self-Generation Bill Credit Transfer Indifference Mechanism Settlement Agreement” (Settlement Agreement), which is appended to this Motion as Attachment A.

The Settling Parties have executed a Settlement Agreement that resolves the issues surrounding an acceptable “indifference” mechanism for the sixteen² solar customers (with a collective installed capacity of approximately 24 megawatts (MW)) currently taking service on SCE’s Renewable Energy

¹ Pursuant to Rule 1.8(d), SCE has been authorized to file this motion on behalf of itself and REWD.

² SCE has sixteen RES-BCT solar customer “generating accounts” that are eligible for time-of-use (TOU) period grandfathering and the indifference mechanism proposed herein. Each generating account has one or multiple associated “benefitting accounts.”

Self-Generation Bill Credit Transfer (RES-BCT) rate option. The RES-BCT program is statutorily mandated and requires SCE to offer a tariff that allows local governments and campuses to generate electricity from an eligible renewable generating facility for their own use, and to export energy not consumed at the time of generation to SCE’s grid. All such generation exported to SCE’s grid is converted into bill credits and applied to benefiting accounts as designated by the local government or campus. RES-BCT service does not represent a form of net energy metering (NEM) service, and customers taking service on the rate only receive bill credits against the generation energy portion of their bills (not against the entire retail rate).

REWD represents two of the sixteen Eligible Customers receiving RES-BCT service in SCE’s service territory; specifically, Santa Clarita Valley Water Agency (SCVWA), as the successor-in-interest to the Castaic Lake Water Agency (CLWA), and the Rancho California Water District (RCWD). As discussed in more detail below, Commission Decision (D.)18-07-006 (resolving SCE’s 2016 Rate Design Window (RDW) Application) mandated that “SCE and [REWD] ... work collaboratively in SCE’s currently-open General Rate Case Phase 2 proceeding (Application 17-06-030) to develop an indifference mechanism that, by mutual agreement, will have the result that SCE’s Renewable Energy Self-Service Bill Credit Transfer program continues to be a viable mechanism for the governmental entities that currently participate in the program.”³

This Settlement Agreement follows, and is the result of intensive good-faith negotiations between SCE and REWD in what has been deemed settlement “Track No. 9” of this proceeding. At a high level, the Settlement Agreement includes an “indifference mechanism” that will result in a one-time bill credit to Eligible RES-BCT Customers that both SCE and REWD agree will maintain the “viability” of the RES-BCT program for existing customers. Consistent with D.18-07-006, the relevant provisions of which “clearly appl[y] only to [those] who are currently RES-BCT customers,”⁴ the

³ D.18-07-006 at Ordering Paragraph 3.

⁴ *Id.* at p. 89.

indifference mechanism will be made available to the other fourteen RES-BCT customers in addition to REWD's customers on an opt-in basis, as set forth in more detail in the Settlement Agreement.

Section II of this Motion provides the regulatory and procedural background related to this proceeding. Section III describes in general the positions advocated by the Parties and the terms of the Settlement Agreement. Section IV demonstrates that the Settlement Agreement is reasonable in light of the whole record, consistent with law, and in the public interest, and that it should be adopted without modification. Section V discusses the procedural requests of the Settling Parties for disposing of this Motion and implementing the indifference mechanism.

II.

REGULATORY BACKGROUND

A. Background of this Proceeding

This proceeding was initiated by the filing of SCE's application on June 30, 2017. On November 22, 2017, the Assigned Commissioner and Assigned Administrative Law Judge issued a Scoping Memo and Ruling following a November 2, 2017 prehearing conference.

In A.16-09-003 (SCE's 2016 RDW Application), REWD submitted testimony on April 28, 2017, advocating for grandfathering on existing rates for periods beyond 10 years for RES-BCT customers in light of likely (now confirmed) changing TOU periods. Similar to other solar customers, the changing TOU periods are expected to have a negative impact on solar customer RES-BCT project economics, because the generation output for solar generating systems (for which RES-BCT customers receive a bill credit) will no longer align as closely with the new "on-peak" period, which has been moved to later in the day (*i.e.*, from 12-6pm to 4-9pm). REWD also proposed an "indifference payment" in lieu of extended grandfathering, essentially advocating that RES-BCT customers should be "made whole" (*i.e.*, held indifferent to the changing TOU paradigm) for the remaining life of their system investments (*i.e.*, generally 25 years).

In A.16-09-003, SCE filed a motion to strike on June 1, 2017, and also submitted rebuttal testimony on June 9, 2017, opposing these proposals, positing that any grandfathering should be limited to 10 years (*i.e.*, the same as other solar (*e.g.*, NEM) customers), and that any consideration of additional

mitigation measures (such as an indifference mechanism) would be more appropriately considered in the instant proceeding.

On May 22, 2018, a Proposed Decision (PD) was issued in A.16-09-003 addressing these issues. SCE filed Comments on the PD on June 11, 2018, seeking clarification on customer eligibility for potential additional RES-BCT-related mitigation mechanisms, and what the PD meant by its use of the term “program viability.”

On July 12, 2018, the Commission adopted D.18-07-006, which addressed SCE’s Comments and provided additional clarification and direction on this issue. In the end, D.18-07-006 denied REWD’s proposals, holding that “[t]he grandfathering proposals made by REWD should not be adopted.”⁵ Instead, D.18-07-006 noted that D.17-01-006 set the “expectation” that “the IOUs, customers, and DER technology providers will develop mitigation measures that are . . . more narrowly tailored than grandfathering.”⁶ D.18-07-006 also noted that D.17-01-006 does not “preclude[] customers on its RES-BCT tariff from receiving mitigation beyond the ten-year grandfathering period”⁷ The final decision noted that “[t]he PD could have [issued more broadly-applicable guidance regarding RES-BCT program viability], but it did not. Instead, it adopted the narrow remedy we are discussing here.”⁸

Ultimately, the Commission ordered “SCE and [REWD to] work collaboratively in SCE’s currently-open GRC Phase 2 proceeding (A.17-06-030) to develop an indifference mechanism that, by mutual agreement, will have the result that the RES-BCT program continues to be a viable mechanism for the governmental entities that entered the program in good faith that it would not be effectively

⁵ *Id.* at Conclusion of Law 9.

⁶ *Id.* at Conclusion of Law 10.

⁷ *Id.* at p. 64. The Commission also noted that “[e]vidence in this proceeding shows that the value of the solar energy produced by the renewable energy water districts’ projects will decrease significantly once SCE’s proposed TOU period changes take effect unless mitigating actions are taken beyond the grandfathering provisions established in D.17-01-006.” *Id.* at Finding of Fact 21.

⁸ *Id.* at p. 90.

canceled part-way through the life of the investments they made to participate in California’s efforts to reduce greenhouse gas emissions and help achieve the state’s climate goals.”⁹

SCE provided notice to all parties of its intent to conduct a settlement conference related to all issues raised in the proceeding, and an initial settlement conference was held on April 6, 2018. Continuing settlement discussions occurred among the parties after April 6, 2018. Specific to this Settlement Agreement, the Settling Parties commenced “Track No. 9” settlement discussions on July 24, 2018.¹⁰ This Motion with its accompanying Settlement Agreement follows.

III.

SUMMARY OF SETTLEMENT AGREEMENT

The Settlement Agreement resolves issues related to an appropriate indifference mechanism for existing (as that term is defined in D.18-07-006) RES-BCT customers in SCE’s service territory, in addition to including grandfathered (GF) rates applicable only to RES-BCT generating accounts. The provisions of the Settlement Agreement are summarized below and in a comparison exhibit, Appendix A to the Settlement Agreement, which provides a comparison of party positions related to the relevant issues and the manner in which these issues have been resolved by the Settlement Agreement.¹¹

The major RES-BCT indifference mechanism issues addressed in the Settlement Agreement are the following:

- The eligibility of RES-BCT customers for an “indifference” bill credit.
- The calculation and resulting amount of the “indifference” bill credit for eligible customers.
- Ratemaking mechanism for applying the bill credits for eligible customers.
- Notification to – and potential opt-in of – the fourteen eligible RES-BCT customers not represented by REWD.

⁹ *Id.* at p. 64.

¹⁰ Discussions regarding TOU period mitigation measures for RES-BCT customers originally occurred as part of Settlement Track No. 8, but the issues were ultimately isolated to their own Settlement Track No. 9.

¹¹ Capitalized terms are defined in Paragraph 2 of the Settlement Agreement.

- Explicit acknowledgement by the Settling Parties that that installation costs for solar generating facilities have significantly declined, which should be a consideration in any future Commission action evaluating the “viability” of the RES-BCT program.
- Grandfathered rates applicable only to solar RES-BCT generating accounts, that align with the rate design proposed for commercial and industrial (C&I) GF rates in the July 23, 2018 *Motion of Southern California Edison Company and Settling Parties for Adoption of Solar Grandfathered Commercial and Industrial Customer TOU Period Mitigation Settlement Agreement*. Illustrative rates for these rate options are shown in Appendix B of the Settlement Agreement.

The Settlement Agreement resolves these issue. The total (estimated) aggregated bill credit for all eligible RES-BCT customers is provided in Appendix C to the Settlement Agreement.

A. ELIGIBILITY FOR RES-BCT INDIFFERENCE MECHANISM

D.18-07-006 makes clear that all existing – but only existing – RES-BCT customers should be eligible for any potential additional mitigation measures that parties may agree to (*e.g.*, an indifference mechanism).¹² Accordingly, the Settlement Agreement provides that eligible customers are limited to solar RES-BCT customers who submitted their initial applications for interconnection by the deadlines adopted in the TOU OIR decisions (January 31, 2017 for non-public agencies, and December 31, 2017 for public agencies).

B. CALCULATION AND AMOUNT OF INDIFFERENCE MECHANISM BILL CREDITS

The Settlement Agreement adopts a calculation methodology for the applicable customer bill credits based on agreed-upon assumptions regarding future customer generation output based on historical performance (*i.e.*, assumed billing determinants that will generate bill credits pursuant to the RES-BCT tariff). The Settlement Agreement’s indifference mechanism credit calculation compares what the eligible customer would have been eligible to receive as bill credits under historical and proposed applicable rates, and calculates a one-time bill credit (*i.e.*, the Net Present Value Lump Sum

¹² *Id.* at p. 89.

Payments), on a net present value basis using an agreed-upon discount rate (*i.e.*, 2 percent) relevant to public agencies.¹³ The Settling Parties agree that this bill credit (the Indifference Payment) maintains the “viability” of the RES-BCT program for existing customers, and is a reasonable compromise of their respective litigation positions. The compromise falls within the reasonable range of those litigation positions, which ranged from SCE’s 10-year grandfathering proposal (*i.e.*, identical to NEM) to REWD’s 25-year full indifference proposal (*i.e.*, the full duration of the longest Power Purchase Agreements (PPAs) that REWD’s customers are bound by).

C. **RATEMAKING MECHANISM FOR APPLYING BILL CREDITS TO ELIGIBLE CUSTOMERS**

The Settlement Agreement provides that the indifference mechanism bill credits for Eligible Customers will be effectuated through a lump sum bill credit to the RES-BCT Generating Account within three months of the implementation of a final decision adopting the Settlement Agreement (expected to be during the first half of 2019); after the lump sum bill credit is applied to the Generating Account as a bill credit, customers can request that any balance on the account be cashed out via a check sent to the customer. The total cumulative indifference payment is approximately \$9 million (Total Indifference Payment).¹⁴ For ratemaking purposes, the Total Indifference Payment will be recorded as a debit to the generation sub-account of SCE’s Base Revenue Requirement Generation Account (BRRBA) (assuming timely Commission approval of the Settlement Agreement).

¹³ The 2 percent discount rate is modeled to approximate the financing costs of public agencies for RES-BCT-eligible systems, as well as anticipated rates of return for public agencies on the Net Present Value Lump Sum Payments should they invest it to offset future payments to their Power Purchase Agreement counter-parties related to the RES-BCT projects.

¹⁴ SCE does not have enough information for three of the 16 accounts to determine the indifference payment amount at this time, so the final amount may be somewhat different than the \$9 million cited above. Additionally, there is the possibility that some of the existing RES-BCT accounts could qualify for NEM in lieu of receiving an indifference payment, which would also impact (*i.e.*, potentially reduce) the estimated \$9 million figure cited above.

D. OPT-IN FOR OTHER ELIGIBLE CUSTOMERS

As discussed above, REWD represents two of the sixteen customers who are eligible for the RES-BCT indifference mechanism bill credit. Because REWD does not represent the other fourteen customers, the Settlement Agreement provides for effective notice and potential opt-in for those other customers.¹⁵ The Settlement Agreement does not presume to bind those other fourteen customers should they choose not to opt-in to the bill credit, but it provides them the opportunity to opt-in to what the Settling Parties believe is a beneficial bill credit for similarly-situated RES-BCT customers. It is also important to note that D.18-07-006 specifically directed SCE and REWD to negotiate this settlement, and also contemplated that any potential resolution would apply to those other similarly-situated RES-BCT customers.

E. ACKNOWLEDGEMENT OF EFFECT OF DECLINING COSTS OF SOLAR GENERATING SYSTEMS AS RELATED TO RES-BCT PROGRAM VIABILITY

In D.18-07-006, the Commission rejected the Solar Energy Industry Association's (SEIA) proposal to make any indifference mechanism "available to all customers who are currently RES-BCT customers and those who apply to be RES-BCT customers in SCE's service territory until SCE's statutory RES-BCT MW cap is met."¹⁶ The final decision made clear that while the Commission "could have" included much more broadly-defined customer eligibility criteria for mitigation measures, ultimately "it did not."¹⁷ However, the final decision also alluded to a "telling reference to the 'legislature's MW goals'" and stated that "[u]ntil SCE reaches its proportionate share of the RES-BCT cap, eligible entities can continue to enroll in its RES-BCT program, and this Commission remains

¹⁵ The Settlement Agreement also includes safeguards applicable to any customer – including those represented by REWD – opting in to receive an RES-BCT indifference payment against "gaming" of the bill credit, including that (1) the Generating Account may not subsequently transfer to NEM service prior to the conclusion of the period covered by the indifference payment amount, and (2) the RES-BCT arrangement as a whole (*i.e.*, both the Generating Account and all Benefitting Accounts who meet the eligibility requirements for TOU period grandfathering) must be served on a GF rate for the duration of the 10-year grandfathering period.

¹⁶ *Id.* at p. 89.

¹⁷ *Id.* at p. 90.

obligated to ensure that SCE's program is attractive enough to those entities to produce steady progress toward SCE's cap."¹⁸ The Commission's precise intent of this language is unclear to the Settling Parties. Accordingly, the Settlement Agreement makes explicit that the Settling Parties recognize that the purchase/installation costs of solar generation systems have dropped dramatically over the last several years.¹⁹ Any future Commission consideration of the "viability" of the RES-BCT program should explicitly consider these reduced cost inputs for eligible customers.

IV.

REQUEST FOR ADOPTION OF THE SETTLEMENT

The Settlement Agreement is submitted pursuant to Rule 12.1 *et seq.* of the Commission's Rules of Practice and Procedure. The Settlement Agreement is also consistent with Commission decisions on settlements, which express the strong public policy favoring settlement of disputes if they are fair and reasonable in light of the whole record.²⁰ This policy supports many worthwhile goals, including reducing the expense of litigation, conserving scarce Commission resources, and allowing the Parties to reduce the risk that litigation will produce unacceptable results.²¹ As long as a settlement taken as a whole is reasonable in light of the record, consistent with the law, and in the public interest, it should be adopted without change.

The Settlement Agreement complies with Commission guidelines and relevant precedent for settlements. The general criteria for Commission approval of settlements are stated in Rule 12.1(d) as follows:

The Commission will not approve stipulations or settlements, whether contested or uncontested, unless the stipulation or settlement is reasonable in light of the whole record, consistent with law, and in the public interest.²²

¹⁸ *Id.*

¹⁹ *See, e.g.*, <https://www.nrel.gov/docs/fy17osti/68925.pdf>, at Figure ES-1, at p. VI.

²⁰ *See, e.g.*, D.88-12-083 (30 CPUC 2d 189, 221-223) and D.91-05-029 (40 CPUC 2d, 301, 326).

²¹ D.92-12-019, 46 CPUC 2d 538, 553.

²² *See also, Re San Diego Gas & Electric Company*, (D.90-08-068), 37 CPUC 2d 360.

The Settlement Agreement meets the criteria for a settlement pursuant to Rule 12.1(d), as discussed below.

The prepared testimony, the Settlement Agreement itself (with its attendant Comparison Exhibit attached thereto), and this motion contain the information necessary for the Commission to find the Settlement Agreement reasonable in light of the record. Prior to the settlement, parties conducted discovery and served testimony on the issues related to the RES-BCT indifference mechanism.

The Settlement Agreement represents a reasonable compromise of the Settling Parties' positions in light of the inherent risks and costs of continued litigation. Without divulging the content of confidential settlement negotiations, concessions by SCE on some issues were offset by concessions by REWD on other issues, as is the case with almost every settlement. The Settlement Agreement accordingly represents a series of tradeoffs, and must be viewed as a "package." No single provision should be viewed in isolation, although every individual provision is reasonable, lawful, and in the public interest.

At a high level, the Settlement Agreement represents a reasonable resolution of disparate Party positions in the following ways:

First, the Settlement Agreement incorporates the Commission's mandate to SCE and REWD that they "develop an indifference mechanism that, by mutual agreement, will have the result that the RES-BCT program continues to be a viable mechanism for the governmental entities that entered the program in good faith that it would not be effectively canceled part-way through the life of the investments they made" ²³

Second, the Settlement Agreement represents a compromise proposal that the Settling Parties agree maintains the "viability" of the RES-BCT program for existing customers, but also limits "mitigation payments" to a reasonable level.

Third, the Settlement Agreement provides effective notice and opportunity for the other fourteen SCE RES-BCT customers not represented by REWD to "opt-in" to receive the benefits of the

²³ *Id.* at pp. 89-90.

Settlement. If those other customers do not affirmatively “opt-in,” they are free to advocate for alternative relief should the Commission deem that appropriate.²⁴

A. The Settlement Agreement Should Be Adopted as a Whole as it is a Compromise of Interests

Each portion of the Settlement Agreement is dependent upon the other portions of the Settlement Agreement. Changes to one portion of the Settlement Agreement would alter the balance of interests and the mutually agreed-upon compromises and outcomes that are contained in the Settlement Agreement. As such, the Settling Parties request that the Settlement Agreement be adopted as a whole by the Commission, as it is reasonable in light of the whole record, consistent with law, and in the public interest.

V.

PROPOSED SCHEDULE FOR COMMENTS AND IMPLEMENTATION OF SETTLEMENT AGREEMENT

The Settling Parties seek approval of the terms of the Settlement Agreement so that SCE may make the indifference payment bill credits to Eligible Customers within three months following the issuance of a final Commission decision approving the Settlement Agreement. In order to accomplish this, the Settling Parties recommend the following time periods provided by Rule 12.2 for comments and replies to comments on the Settlement Agreement. In order to accommodate questions about the Settlement Agreement, in the event that there are material contested issues of fact, or questions from the Commission following the filing of comments, the Settling Parties request that a portion of one day be scheduled for a hearing (with a panel of sponsoring witnesses) in accordance with the following schedule.

<u>Event</u>	<u>Date</u>
Motion filed for Adoption of the Settlement Agreement	August 6, 2018

²⁴ SCE would affirmatively oppose any such efforts, given the Commission’s clear direction to resolve this issue in the instant proceeding.

Opening comments, if any, on the Settlement Agreement	September 3, 2018
Reply comments, if any, on the Settlement Agreement	September 17, 2018
Hearing on the Settlement Agreement, if necessary	During the currently-reserved time period for settlement/evidentiary hearings (<i>i.e.</i> , August 10, 2018).

VI.

CONCLUSION

WHEREFORE, the Settling Parties respectfully request that the Assigned Commissioner, Assigned ALJs, and the Commission:

1. Approve the attached Settlement Agreement as reasonable in light of the record, consistent with law, and in the public interest; and
2. Authorize SCE to implement bill credits for Eligible Customers in accordance with the terms of the Settlement Agreement.

Respectfully submitted,

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/s/ Russell A. Archer

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And on behalf of the Settling Parties pursuant to Rule 1.8(d).

August 6, 2018

Appendix A

Renewable Energy Self-Generation Bill Credit Transfer Indifference Mechanism

Settlement Agreement

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INDIFFERENCE MECHANISM SETTLEMENT AGREEMENT**

Dated: **August 6, 2018**

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INDIFFERENCE MECHANISM SETTLEMENT AGREEMENT
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**RENEWABLE ENERGY SELF-GENERATION BILL CREDIT TRANSFER
INDIFFERENCE MECHANISM SETTLEMENT AGREEMENT**

This Renewable Energy Self-Generation Bill Credit (RES-BCT) Indifference Mechanism Settlement Agreement (Agreement or Settlement Agreement) is entered into by and among the undersigned Parties hereto, with reference to the following:

1. Parties

The Parties to this Agreement are Southern California Edison Company (SCE) and the Renewable Energy Water Districts (REWD) (referred to hereinafter collectively as Settling Parties or individually as a Party).

- A. SCE is an investor-owned public utility (IOU) and is subject to the jurisdiction of the California Public Utilities Commission (Commission or CPUC) with respect to providing electric service to its CPUC-jurisdictional retail customers.
- B. REWD is an organization representing the Santa Clarita Valley Water Agency (SCVWA), as the successor-in-interest to the Castaic Lake Water Agency (CLWA), and the Rancho California Water District (RCWD). Both SCVWA and RCWD are government agencies who are bundled service customers of SCE and take service on SCE's RES-BCT tariffs.

2. Definitions

When used in initial capitalization in this Settlement Agreement, whether in singular or plural, the following terms shall have the meanings set forth below or, if not set forth below, then as they are defined elsewhere in this Settlement Agreement:

- A. “Benefitting Account” means an electric account or accounts authorized to receive generation credits produced by electricity exported to the electric grid by an eligible renewable generating facility interconnected under the RES-BCT tariffs.
- B. “BRRBA” is SCE’s Base Rates Revenue Balancing Account.
- C. “Commission” or “CPUC” means the California Public Utilities Commission.
- D. “Eligible Customers” means the sixteen (16) customers currently taking service on SCE’s RES-BCT tariff; *i.e.*, solar RES-BCT customers who submitted their initial applications for interconnection by the deadlines adopted in the TOU OIR Commission decisions (January 31, 2017 for non-public agencies, and December 31, 2017 for public agencies).
- E. “ERRA” is SCE’s Energy Resource Recovery Account.
- F. “Generating Account” means the designated retail service account located on the same premises and interconnected with the eligible renewable generating facility interconnected under the RES-BCT tariffs.
- G. “Grandfathered RES-BCT Rate” means the RES-BCT tariff in effect and applicable to RES-BCT customers as of the time of the signing of the Settlement Agreement.
- H. “Indifference Methodology” is the settled, agreed-upon bill credit calculation methodology used by the Settling Parties to calculate individual Net Present Value Lump Sum Payments for Eligible Customers.
- I. “NEM” means SCE’s Net Energy Metering tariffs, including Schedules NEM, NEM-ST, NEM-V, NEM-V--ST, MASH-VNM and MASH-VNM-ST.
- J. “Net Present Value Lump Sum Payment” means the calculation of a future stream of payments discounted to a present value using an agreed-upon discount rate, and paid to a customer as a one-time bill credit.
- K. “OAT” means the customer’s otherwise applicable tariff.
- L. “Opt-In Notice” means the notification SCE will send by certified mail to the fourteen (14) Eligible Customers not represented by REWD.

- M. “RA Settlement Agreement” means the Revenue Allocation Settlement Agreement filed in this proceeding on July 3, 2018.
- N. “RES-BCT” means the Renewable Energy Self-Generation Bill Credit Transfer tariff or program, which is statutorily mandated and requires SCE to offer a tariff that allows local governments and campuses to generate electricity from an eligible renewable generating facility for their own use, and to export energy not consumed at the time of generation to SCE’s grid. All such generation exported to SCE’s grid is converted into bill credits and applied to Benefiting Accounts as designated by the local government or campus. RES-BCT service does not represent a form of NEM service, and customers taking service on the rate only receive bill credits against the generation energy portion of their bills (not against the entire retail rate).
- O. “RDW” means SCE’s 2016 Rate Design Window proceeding, A.16-09-003.
- P. “SAPC” means “System Average Percentage Change.”
- Q. “Total Indifference Payment” means the approximately \$9 million cumulative total of the Net Present Value Lump Sum Payments to be paid to the 16 Eligible Customers (assuming a 100 percent Opt-In rate).

3. Recitals

- A. In Phase 2 of SCE’s 2018 General Rate Case (GRC), the Commission allocates SCE’s authorized revenue requirement among rate groups and authorizes rate design changes for rate schedules in each rate group.
- B. On June 30, 2017, SCE served its initial prepared testimony regarding marginal costs, revenue allocation and rate design in Application (A.)17-06-030.
- C. On November 22, 2017, the Assigned Commissioner and Assigned Administrative Law Judge issued a Scoping Memo and Ruling following a November 2, 2017 prehearing conference.
- D. In SCE’s RDW proceeding, REWD submitted testimony on April 28, 2017, advocating for grandfathering on existing rates for periods beyond 10 years for RES-BCT customers in light of likely (now confirmed) changing time-of-use (TOU) periods. REWD also proposed an “indifference payment” in lieu of extended grandfathering, essentially advocating that RES-BCT customers should be “made whole” (*i.e.*, held indifferent to the changing TOU paradigm) for the remaining life of their system investments.

- E. In the RDW, SCE filed a motion to strike on June 1, 2017, and also submitted rebuttal testimony on June 9, 2017, opposing these proposals, positing that any grandfathering should be limited to 10 years (*i.e.*, the same as other solar (*e.g.*, NEM) customers), and that any consideration of additional mitigation measures (such as an indifference mechanism) would be more appropriately considered in the instant proceeding.
- F. On May 22, 2018, a Proposed Decision (PD) was issued in the RDW addressing these issues. SCE filed Comments on the PD on June 11, 2018, seeking clarification on customer eligibility for potential additional RES-BCT-related mitigation mechanisms, and what the PD meant by its use of the term “program viability.”
- G. On July 12, 2018, the Commission issued Decision (D.) 18-07-006, which addressed the Settling Parties’ Comments and provided additional clarification and direction on this issue. D.18-07-006 denied REWD’s proposals, holding that “[t]he grandfathering proposals made by REWD should not be adopted.”¹ D.18-07-006 noted that D.17-01-006 set the “expectation” that “the IOUs, customers, and DER technology providers will develop mitigation measures that are ... more narrowly tailored than grandfathering.”² D.18-07-006 also noted that D.17-01-006 does not “preclude[] customers on its RES-BCT tariff from receiving mitigation beyond the ten-year grandfathering period”³
- H. D.18-07-006 directed “SCE and [REWD to] work collaboratively in SCE’s currently-open GRC Phase 2 proceeding (A.17-06-030) to develop an indifference mechanism that, by mutual agreement, will have the result that the RES-BCT program continues to be a viable mechanism for the governmental entities that entered the program in good faith that it would not be effectively canceled part-way through the life of the investments they made to participate in California’s efforts to reduce greenhouse gas emissions and help achieve the state’s climate goals.”⁴

¹ *Id.* at Conclusion of Law 9.

² *Id.* at Conclusion of Law 10.

³ *Id.* at p. 64. The Commission also noted that “[e]vidence in this proceeding shows that the value of the solar energy produced by the renewable energy water districts’ projects will decrease significantly once SCE’s proposed TOU period changes take effect unless mitigating actions are taken beyond the grandfathering provisions established in D.17-01-006.” *Id.* at Finding of Fact 21.

⁴ *Id.* at p. 64.

- F. SCE provided notice to all parties of its intent to conduct a settlement conference related to all issues raised in the proceeding, and an initial settlement conference was held on April 6, 2018.
- G. Continuing settlement discussions occurred among the parties after April 6, 2018. Specific to this Settlement Agreement, the Settling Parties commenced “Track No. 9” settlement discussions on July 24, 2018.⁵
- H. Appendix A to this Agreement provides a comparison of the Settling Parties’ positions in the RDW related to the RES-BCT Indifference Mechanism issues that have been resolved by this Agreement.⁶ In the event of a conflict between the terms of this Agreement and Appendix A, the terms of this Agreement shall control. Appendix B provides illustrative grandfathered rates applicable solely to RES-BCT Generating Accounts. Appendix C provides a summary of the Total Indifference Payment to be paid to the Eligible Customers.
- I. The Settling Parties have evaluated the impacts of the various proposals in this proceeding and desire to resolve all issues related to an indifference mechanism for RES-BCT Eligible Customers, as set forth in this Agreement beginning with the implementation of a CPUC decision approving this Agreement, and, in consideration of the mutual obligations, covenants and conditions contained herein, have reached agreement as indicated in Paragraphs 4 and thereafter of this Agreement.

4. Agreement

Nothing in this Agreement shall be deemed to constitute an admission by either Settling Party that its position on any issue lacks merit, or a claim by a Settling Party that its position has greater or lesser merit than the position taken by the other Settling Party. This Agreement is subject to the express limitation on precedent as provided in Commission Rule 12.5 and as described in Paragraph 11.

⁵ Discussions regarding TOU period mitigation measures for RES-BCT customers originally occurred as part of Settlement Track No. 8, but the issues were ultimately isolated to their own Settlement Track No. 9.

⁶ The comparison exhibit only includes testimony submitted in the RDW proceeding on RES-BCT issues. Concurrent with the submission of this Settlement Agreement, the Settling Parties are filing a Joint Motion for submission of this evidence into the formal record of the instant proceeding pursuant to Rule 13.8(c). REWD did not become a party to this proceeding until the Commission’s guidance to do so was provided in the 2016 RDW PD.

A. ELIGIBILITY FOR INDIFFERENCE MECHANISM BILL CREDIT

Only Eligible Customers will be able to receive a Net Present Value Lump Sum Payment in resolution of the RES-BCT indifference mechanism issue. Eligible Customers are those 16 solar customers who are currently served on SCE's RES-BCT tariff (*i.e.*, solar RES-BCT customers who submitted their initial applications for interconnection by the deadlines adopted in the TOU OIR Commission decisions (January 31, 2017 for non-public agencies, and December 31, 2017 for public agencies)). Collectively, the Eligible Customers' Generating Accounts have approximately 24 MW of installed capacity.

B. CALCULATION OF INDIFFERENCE MECHANISM NET PRESENT VALUE LUMP SUM PAYMENTS

The Settling Parties agree on a calculation methodology for the Net Present Value Lump Sum Payments to be credited to Eligible Customers. This Indifference Methodology calculates applicable customer bill credits based on agreed-upon assumptions regarding Eligible Customer Generating Accounts' generation output (*i.e.*, assumed billing determinants that will generate bill credits pursuant to the RES-BCT tariff). The assumed billing determinants will be agreed-upon by SCE and each individual Eligible Customer. SCE and REWD have already agreed on the eligible billing determinants for SCVWA and RCWD, and those specific amounts are set forth in Appendix C, hereto.

The Indifference Methodology calculates what the Eligible Customer would have been eligible to receive as bill credits under historical and proposed applicable RES-BCT rates, and calculates a one-time bill credit (*i.e.*, the Net Present Value Lump Sum Payments), on a net present value basis using an agreed-upon discount rate of 2 percent. The Settling Parties agree that 2 percent is a reasonable estimate of the approximate rate at which representative public agencies can currently borrow money from the State Revolving Fund in order to finance RES-BCT-eligible projects.

The Net Present Value Lump Sum Payments will be paid to Eligible Customers (assuming they Opt-In as set forth below) within three months of a final decision approving this Settlement Agreement. After the Net Present Value Lump Sum Payments are credited to Eligible Customers' retail bills, Eligible Customers can request that any positive balance on their respective accounts can be paid out to them by SCE via check.

The Total Indifference Payment (*i.e.*, the cumulative total of the Net Present Value Lump Sum Payments) is estimated to be approximately \$9 million, as set forth in Appendix C.⁷

C. RATEMAKING MECHANISM FOR THE TOTAL INDIFFERENCE PAYMENT

The Total Indifference Payment will be recorded as a debit to the generation sub-account of BRRBA, and allocated on the basis of bundled generation revenues using allocation factors agreed to in the RA Settlement Agreement.

D. NOTIFICATION TO ELIGIBLE CUSTOMERS

Within 30 days of a final Commission decision approving this Settlement Agreement, SCE will provide formal notification of their eligibility to “opt-in” to the 14 Eligible Customers not represented by REWD. This formal notification will be provided via certified mail, and will be followed up by a telephone call from Eligible Customers’ assigned SCE Business Customer Division customer service representative (if necessary). The “Opt-In” Notice will allow – but not require – Eligible Customers to receive their Net Present Value Lump Sum Payment if they so choose within a specified time period. If the Eligible Customer “opts-in” to this Settlement Agreement, they will be bound by all of its terms, including but not limited to those set forth in Paragraph 4.E, immediately below.

E. COMPLETE AGREEMENT AND SETTLEMENT OF CLAIMS

The Settling Parties agree that the Net Present Value Lump Sum Payments maintain the “viability” of the RES-BCT program for existing customers as defined and discussed in D.18-07-006. Approval of this Settlement Agreement, and acceptance of the Net Present Value Lump Sum Payments, will constitute complete and total settlement and satisfaction of any claims Eligible Customers have made, or may make, regarding proposed grandfathering, indifference, or any other potential mitigation measures, related to SCE’s RES-BCT program. To safeguard against any potential “gaming” of the indifference payment mechanism, any customer – including those represented by REWD – opting in to receive an RES-BCT indifference payment is subject to the following conditions: (1) the generating account may not

⁷ SCE does not have enough information for three of the 16 accounts to determine the indifference payment amount at this time, so the final amount may be somewhat different than the \$9 million cited above. Additionally, there is the possibility that some of the existing RES-BCT accounts could qualify for NEM in lieu of receiving an indifference payment, which would also impact (*i.e.*, potentially reduce) the estimated \$9 million figure cited above.

subsequently transfer to NEM service prior to the conclusion of the period covered by the indifference payment amount, and (2) the RES-BCT arrangement as a whole (*i.e.*, both the Generating Account and all Benefitting Accounts who meet the eligibility requirements for TOU period grandfathering) must be served on a grandfathered (GF) rate for the duration of the 10-year grandfathering period.

F. ACKNOWLEDGEMENT OF DECLINING PRICE OF SOLAR GENERATING FACILITY PURCHASE AND INSTALLATION COSTS

D.18-07-006 stated that “[u]ntil SCE reaches its proportionate share of the RES-BCT cap, eligible entities can continue to enroll in its RES-BCT program, and this Commission remains obligated to ensure that SCE’s program is attractive enough to those entities to produce steady progress toward SCE’s cap.”⁸ The Settling Parties explicitly recognize and acknowledge that the purchase and installation costs of solar generation systems have dropped dramatically over the last several years.⁹ Additionally, potential future RES-BCT customers should now be well aware of system price trends and the impacts of the new TOU periods and rate structures on new installations. Any future Commission consideration of the “viability” of the RES-BCT program should explicitly consider these reduced cost inputs for eligible customers.

G. GRANDFATHERED RATES APPLICABLE SOLELY TO RES-BCT GENERATING ACCOUNTS

This Settlement Agreement also includes GF rates applicable solely to RES-BCT Generating Accounts, with illustrative rates provided in Appendix B of this Agreement. These include rate options TOU-GS-1, GF-C and TOU-8-S, GF-A.¹⁰ The rate designs for these options generally align with the GF-R/GF-A rate design options filed in the July 23, 2018, *Motion of Settling Parties for Adoption of Solar Grandfathered Commercial and Industrial Customer TOU Period Mitigation Settlement Agreement* (C&I Solar Settlement Agreement). They are filed here

⁸ D.18-07-006 at p. 90.

⁹ See, e.g., <https://www.nrel.gov/docs/fy17osti/68925.pdf>, at Figure ES-1, p. VI.

¹⁰ RES-BCT Generating and Benefitting Accounts are also eligible to take service on the GF rates filed in the C&I Solar Settlement Agreement and the August 3, 2018 *Motion of Settling Parties for Adoption of Agricultural and Pumping Rate Group Rate Design Settlement Agreement* (as applicable).

separately only because they apply only to RES-BCT generating accounts, and will be updated consistent with the SAPC treatment outlined in the C&I Solar Settlement Agreement.

5. Implementation of Settlement Agreement

It is the intent of the Settling Parties that SCE should be authorized to implement the Net Present Value Lump Sum Payments for Eligible Customers who opt-in to this agreement within three months following the issuance of a final Commission decision approving this Settlement Agreement.

6. Incorporation of Complete Agreement

This Agreement is to be treated as a complete package and not as a collection of separate agreements on discrete issues. To accommodate the interests related to diverse issues, the Settling Parties acknowledge that changes, concessions, or compromises by a Settling Party or Settling Parties in one section of this Agreement resulted in changes, concessions, or compromises by the Settling Parties in other sections. Consequently, the Settling Parties agree to oppose any modification of this Agreement not agreed to by the Settling Parties. If the Commission does not approve this Agreement without modification, the terms and conditions reflected in this Agreement shall no longer apply to the Settling Parties.

7. Record Evidence

The Settling Parties request that the Commission take judicial notice of the related prepared testimony submitted as part of the evidentiary record in the RDW.

8. Signature Date

This Settlement Agreement shall become binding as of the last signature date of the Settling Parties.

9. Regulatory Approval

The Settling Parties, by signing this Agreement, acknowledge that they support Commission approval of this Agreement and subsequent implementation of all the provisions of the Agreement. The Settling Parties shall use their best efforts to obtain Commission approval of the Agreement. The Settling Parties shall jointly request that the Commission approve the Agreement without change, and find the Agreement to be reasonable, consistent with law and in the public interest. Should any Proposed Decision or Alternate Proposed Decision seek a modification to this Settlement Agreement, and should any Settling Party be unwilling to accept such modification, that

Settling Party shall so notify the other Settling Parties within five business days of issuance of such Proposed Decision or Alternate Proposed Decision. The Settling Parties shall thereafter promptly discuss the proposed modification and negotiate in good faith to achieve a resolution acceptable to the Settling Parties, and shall promptly seek Commission approval of the resolution so achieved. Failure to resolve such proposed modification to the satisfaction of the Settling Parties, or to obtain Commission approval of such resolution promptly thereafter, shall entitle any Settling Party to terminate its participation from this Agreement through prompt notice to the other Settling Parties.

10. Compromise of Disputed Claims

This Settlement Agreement represents a compromise of disputed claims between the Settling Parties. The Settling Parties have reached this Settlement Agreement after taking into account the possibility that each Party may or may not prevail on any given issue. The Settling Parties assert that this Settlement Agreement is reasonable, consistent with law and in the public interest.

11. Non-Precedential

Consistent with Rule 12.5 of the Commission's Rules of Practice and Procedure, this Settlement Agreement is not precedential in any other pending or future proceeding before this Commission, except as expressly provided in this Settlement Agreement.

12. Previous Communications

The Settlement Agreement contains the entire agreement and understanding between the Settling Parties as to the subject matter of this Settlement Agreement. In the event there is any conflict between the terms and scope of this Settlement Agreement and the terms and scope of the accompanying joint motion in support of the Settlement Agreement, the Settlement Agreement shall govern.

13. Non-Waiver

None of the provisions of this Settlement Agreement shall be considered waived by any Party unless such waiver is given in writing. The failure of a Party to insist in any one or more instances upon strict performance of any of the provisions of this Settlement Agreement or take advantage of any of their rights hereunder shall not be construed as a waiver of any such provisions or the relinquishment of any such rights for the future, but the same shall continue and remain in full force and effect.

14. Effect of Subject Headings

Subject headings in this Settlement Agreement are inserted for convenience only, and shall not be construed as interpretations of the text.

15. Governing Law

This Settlement Agreement shall be interpreted, governed and construed under the laws of the State of California, including Commission decisions, orders and rulings, as if executed and to be performed wholly within the State of California.

16. Number of Originals

This Settlement Agreement is executed in counterparts, each of which shall be deemed an original. The undersigned represent that they are authorized to sign on behalf of the Party represented.

Dated: August 6, 2018

SOUTHERN CALIFORNIA EDISON COMPANY

/s/ Michael R. Marelli

By: Michael R. Marelli
Title: Vice President, Business Customer Division

Dated: August 6, 2018

RENEWABLE ENERGY WATER DISTRICTS

/s/ Lon House

By: Lon House
Title: Principal

Appendix A

Comparison of Settling Party Positions on RES-BCT Issues

Issue	Current Treatment (<i>i.e.</i> , 2015 GRC Settled Position)	SCE	REWD	2018 GRC Settled Position
Grandfathered Rates – Eligibility	N/A	<ul style="list-style-type: none"> RES-BCT customers with BTM solar generating facilities who meet the eligibility requirements of D.17-01-006 and D.17-10-018 	N/A	<ul style="list-style-type: none"> RES-BCT customers with BTM solar generating facilities who meet the eligibility requirements of D.17-01-006 and D.17-10-018
Grandfathered Rates - Duration	N/A	<ul style="list-style-type: none"> Eligible customers may be served on GF rates for 10 years from their individual PTO dates, but not to exceed July 31, 2027 (non-public agencies) or December 31, 2027 (public agencies) as established in D.17-01-006 and D.17-10-018 	<ul style="list-style-type: none"> Allow RES-BCT solar projects to be grandfathered on existing TOU rates for 20 years from Permission to Operate date 	<ul style="list-style-type: none"> Eligible customers may be served on GF rates for 10 years from their individual PTO dates, but not to exceed July 31, 2027 (non-public agencies) or December 31, 2027 (public agencies) as established in D.17-01-006 and D.17-10-018. For the Eligible Customers, an additional agreed-upon Net Present Value Lump Sum Payment will be offered to achieve RES-BCT program “viability” (see below)
Grandfathered Rates – Available Options for RES-BCT Customers	N/A	<ul style="list-style-type: none"> GF-R/GF-A (except for TOU-GS-1 and TOU-8 – <i>see below</i>): intended for accounts where the solar system is located behind the same meter as the load (<i>i.e.</i>, RES-BCT generating account) GF-B: intended for RES-BCT benefitting accounts TOU-GS-1, GF-C and TOU-8-S, GF-A: intended for accounts where the solar system is located behind the same meter as the load (<i>i.e.</i>, RES-BCT generating account) 	N/A	<ul style="list-style-type: none"> Utilize SCE’s proposed GF rate options GF-R/GF-A and GF-B illustrative rates are as filed in Appendix B of the July 23 <i>Solar Grandfathered Commercial and Industrial Custom TOU Period Mitigation Settlement Agreement</i> and the August 3 <i>Agricultural and Pumping Rate Design Settlement Agreement</i>, and are not re-addressed as part of this Settlement
Grandfathered Rate – Rate Design Process	N/A	<ul style="list-style-type: none"> Utilized proposed updated cost studies and revenue allocations Redistributed the hourly MECs, LOLE generation capacity costs and PLRF-peak capacity costs into Legacy TOU periods <ul style="list-style-type: none"> Redistribution of LOLE generation capacity costs set the same seasonal allocation of capacity as the non-GF rates, and also established the amount of capacity costs that are recovered in the Legacy summer on- and mid-peak periods and the winter season 	N/A	<ul style="list-style-type: none"> Utilize the settled rate design approach as filed in the July 23 <i>Solar Grandfathered C&I Customer TOU Period Mitigation Settlement Agreement</i> for TOU-GS-1, GF-C and TOU-8-S, GF-A

Issue	Current Treatment (i.e., 2015 GRC Settled Position)	SCE	REWD	2018 GRC Settled Position
		<ul style="list-style-type: none"> ○ Did not time-differentiate distribution since Legacy rates do not have time-differentiated distribution; maintained the proportion of distribution costs recovered through energy charges and non-time-differentiated demand charges at their respective current levels for all of the GF rate structures • Results in underlying TOU marginal cost-based rates, which are then scaled on a functional basis to establish GF rates (equivalent to standard EPMC scaling process) • At this stage, GF rates demonstrated inverted pricing differentials between TOU periods • Adjusted the rates to ensure price differentials were directionally consistent across TOU periods 		
Attrition Year Rate Changes	N/A	<ul style="list-style-type: none"> • Propose to update periodically, consistent with all other rates, when SCE's revenue requirements or revenue allocations change 	N/A	<ul style="list-style-type: none"> • Utilize SAPC adjustments when SCE's revenue requirements or other revenue allocations change until implementation of the next GRC Phase 2
Other Mitigation Measures	N/A	<ul style="list-style-type: none"> • Opposed 	<ul style="list-style-type: none"> ○ Proposed an indifference payment to RES-BCT customers representing the NPV of the impact of the TOU period changes for the duration of the PPAs 	<ul style="list-style-type: none"> • Adopt an indifference calculation that results in the RES-BCT program continuing to be a viable mechanism for the governmental entities who meet the eligibility criteria for TOU period grandfathering adopted in D.17-01-006 and D.17-01-018 ○ Indifference calculation uses 1/1/2018 generation energy rates, and the GF and Option E/LG rates proposed in Appendices B of this Agreement, the July 23 <i>Solar Grandfathered C&I Customer TOU Period Mitigation Settlement Agreement</i> and the August 3 <i>Medium and Large Power Rate Design Settlement Agreement</i>, the August 3 <i>Agricultural and Pumping Rate Design Settlement Agreement</i>; and will not be revisited when actual rates are implemented in Q1 2019 ○ Indifference payment shall be applied as a one-time lump sum bill credit to the Generating Account (w/ the customer having the option to cash out any credit balance via check after the initial bill credit is applied)

Issue	Current Treatment (<i>i.e.</i> , 2015 GRC Settled Position)	SCE	REWD	2018 GRC Settled Position
				<ul style="list-style-type: none"> ○ Any revenue shortfalls resulting from the indifference payment will be recorded as a debit to the generation sub-account of SCE's BRRBA ○ For the RES-BCT customers not represented by REWD, SCE will notify eligible RES-BCT customers of the indifference calculation, and RES-BCT customers will need to affirmatively elect to receive it and relieve SCE of any further obligation related to TOU period indifference ○ Safeguards to protect against any "gaming" of the indifference amount include the following: (1) customers receiving the indifference payment are not allowed to subsequently take service on NEM for the duration of the period used in the indifference payment calculation, and (2) the RES-BCT arrangement as a whole (<i>i.e.</i>, both the Generating Account and all Benefitting Accounts who meet the eligibility requirements for TOU period grandfathering) must be served on a GF rate for the duration of the 10-year grandfathering period. ● Parties acknowledge that installation costs for solar generating facilities have declined, which should be a consideration in any future action evaluating the viability of the RES-BCT program

Appendix B

Illustrative RES-BCT Generating Account GF Rates

	January 2018 Rates			Proposed 2018 GRC Rates			Delivery Change	Generation Change	Total Rate Change
	Delivery	Generation	Total Rate	Delivery	Generation	Total Rate			
TOU-GS-1 (GF-C)									
Energy Charge - \$/kWh									
Summer Season									
On-Peak				0.16159	0.10684	0.26843			
Mid-peak				0.07949	0.10015	0.17964			
Off-Peak				0.03823	0.09616	0.13439			
Winter Season									
Mid-peak				0.04443	0.06522	0.10965			
Off-Peak				0.02774	0.05869	0.08643			
Customer Charge - \$/day				0.362	0.000	0.362			
Facilities Related Demand Charge - \$/kW				6.99	0.00	6.99			
Three-Phase Service - \$/day				0.031	0.000	0.031			
Voltage Discount, Energy - \$/kWh									
From 2 kV to 50 kV				(0.00037)	(0.00123)	(0.00160)			
From 51 kV to 219 kV				(0.01255)	(0.00272)	(0.01527)			
220 kV and above				(0.03108)	(0.00274)	(0.03382)			
Voltage Discount, Facilities Related Demand - \$/kW									
From 2 kV to 50 kV				(0.06)		(0.06)			
From 51 kV to 219 kV				(1.99)		(1.99)			
220 kV and above				(4.04)		(4.04)			
California Climate Credit - \$/kWh/Meter/Month				(0.00494)	0.00000	(0.00494)			
TOU-8-S (GF-A) (Below 2kV)									
Energy Charge - \$/kWh									
Summer Season									
On-Peak				0.11888	0.20099	0.31987			
Mid-peak				0.05520	0.08130	0.13650			
Off-Peak				0.03181	0.04318	0.07499			
Winter Season									
Mid-peak				0.03546	0.06056	0.09602			
Off-Peak				0.02618	0.03674	0.06292			
Customer Charge - \$/month				459.50	0.00	459.50			
Facilities Related Demand									
Demand Charge (Excess FRD) - \$/kW				12.70	0.00	12.70			
Standby (CRC) - \$/kW				13.34	0.00	13.34			
Time Related Demand Charge - \$/kW									
Backup demand - Summer Season									
On-Peak				0.00	16.07	16.07			
Mid-Peak				0.00	0.00	0.00			
Supplemental demand - Summer Season									
On-Peak				0.00	0.00	0.00			
Mid-Peak				0.00	0.00	0.00			
Power Factor Adjustment - \$/kVA				0.60	0.00	0.60			
TOU-8-S (GF-A) (From 2 kV to 50 kV)									
Energy Charge - \$/kWh									
Summer Season									
On-Peak				0.11576	0.19775	0.31351			
Mid-peak				0.05303	0.07653	0.12956			
Off-Peak				0.03107	0.04132	0.07239			
Winter Season									
Mid-peak				0.03557	0.06140	0.09697			
Off-Peak				0.02655	0.03576	0.06231			
Customer Charge - \$/month				244.75	0.00	244.75			
Facilities Related Demand									
Demand Charge (Excess FRD) - \$/kW				12.48	0.00	12.48			
Standby (CRC) - \$/kW				8.53	0.00	8.53			
Time Related Demand Charge - \$/kW									
Backup demand - Summer Season									
On-Peak				0.00	13.10	13.10			
Mid-Peak				0.00	0.00	0.00			
Supplemental demand - Summer Season									
On-Peak				0.00	0.00	0.00			
Mid-Peak				0.00	0.00	0.00			
Power Factor Adjustment - \$/kVA				0.60	0.00	0.60			

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January 2018 Rates		
Delivery	Generation	Total Rate

Proposed 2018 GRC Rates		
Delivery	Generation	Total Rate

Delivery Change	Generation Change	Total Rate Change
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TOU-8-S (GF-A) (Above 50 kV)

Energy Charge - \$/kWh

Summer Season

On-Peak

0.05465 0.18423 0.23888

Mid-peak

0.02855 0.07161 0.10016

Off-Peak

0.01937 0.04011 0.05948

Winter Season

Mid-peak

0.02131 0.06213 0.08344

Off-Peak

0.01766 0.03556 0.05322

Customer Charge - \$/month

1,624.75 0.00 1,624.75

Facilities Related Demand

Demand Charge (Excess FRD) - \$/kW

5.30 0.00 5.30

Standby (CRC) - \$/kW

0.92 0.00 0.92

Time Related Demand Charge - \$/kW

Backup demand - Summer Season

On-Peak

✔ 0.00 ✔ 6.27 6.27

Mid-Peak

✔ 0.00 ✔ 0.00 0.00

Supplemental demand - Summer Season

On-Peak

✔ 0.00 ✔ 0.00 0.00

Mid-Peak

✔ 0.00 ✔ 0.00 0.00

Power Factor Adjustment - \$/kVA

✔ 0.54 ✔ 0.00 0.54

Voltage Discount, 220 kV and above

Facilities Related Demand (Excess FRD) - \$/W

✔ (0.83) ✔ 0.00 (0.83)

Time-Related Demand - \$/kW

✔ 0.00 ✔ 0.00 0.00

Supplemental Summer on & Mid

✔ 0.00 ✔ (0.05) (0.05)

Backup Summer on & Mid

✔ (0.00546) (0.00056) (0.00602)

Energy - \$/kWh

✔ (0.42) ✔ 0.00 (0.42)

Standby (CRC) - \$/kW

Schedule-S (Less than 500 kW) - GF

Energy Charge - \$/kWh/Meter/Month - see (OAT)

Customer Charge - \$/Meter/Month - see (OAT)

Standby (CRC) - \$kW

TOU-GS-1 (GF-C)

6.99 ✔ 0.00 6.99

Voltage Discount, Capacity Reservation Demand - \$/kW

From 2 kV to 50 kV

(0.06) ✔ 0.00 (0.06)

51 kV to 219 kV

(2.30) ✔ 0.00 (2.30)

220 kV and Above

(4.04) ✔ 0.00 (4.04)

Facilities Related Demand Charge - see OAT

Demand Charge - \$kW applicable to metered maximum kW demand in excess Standby

Generation Time-related demand charge - see OAT

Power Factor Adjustment Charge - see OAT

Appendix C

Total Estimated Net Present Value Lump Sum Payment Indifference Amount

Eligible Customers	Avg Generation Credit, Using:			Total Indifference Payment (\$)	# of GF Years Remaining (Avg Yrs)
	1/1/2018 Rates (\$)	Proposed GF Rates (\$)	Proposed OAT Rates (\$)		
Santa Clarita Valley Water Agency	\$(752,550)	\$(684,450)	\$(402,381)	\$1,847,062	6.0
Rancho California Water District	\$(855,572)	\$(710,791)	\$(473,674)	\$2,596,929	8.0
Non-REWD Accounts (totaling 14)	\$(1,518,905)	\$(1,263,279)	\$(821,408)	\$4,746,502	7.0
TOTAL	\$(3,127,028)	\$(2,658,520)	\$(1,697,463)	\$9,190,493	7.0