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December 28, 2009

Michael R. Peevey, President  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Re: Rulemaking 08-03-008 (California Solar Initiative) and Virtual Net Metering

Dear Commissioner Peevey:

The Attorney General's Office writes to highlight a substantial obstacle to the development of onsite generation of solar power – the lack of utility tariff rules that would allow a single photovoltaic array to serve all of the electricity needs of a multi-tenant building. We applaud the Commission's development of virtual net metering to remove this barrier for affordable multifamily buildings, and urge the Commission to take further action to allow virtual net metering for all multi-tenant properties.

Under current utility tariff rules and structures, multi-tenant buildings cannot benefit from installation of a single photovoltaic array to serve the electrical needs of the entire building because the power generated may be credited only to a single meter. Municipal planners and local developers identify this issue as the top barrier to full and effective customer-generated solar development on multi-unit structures in the state.

The Commission devised an elegant, though incomplete, solution to this problem with the establishment of virtual net metering for affordable multi-family housing, in a decision issued on October 20, 2008 (Decision Establishing Multifamily Affordable Solar Housing Program Within the California Solar Initiative, D.08-10-036, *hereinafter* "MASH Decision"). The decision directed the state's major utilities to file new tariff rules establishing a virtual net metering program for qualifying multi-family affordable housing with individually metered units. Virtual net metering allows electricity produced by a single solar array to be credited to the benefit of individually metered tenants. The electricity produced by the system is net-balanced by the utility against total building electricity consumption, as if the building had a single, or "virtual," master meter. This eagerly awaited decision opened the door to multifamily affordable housing tenants to benefit from the ratepayer financed solar incentives established in response to the Governor's *Go Solar, California!* campaign.

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Page 2

In the MASH Decision, the Commission noted that there is nothing limiting the virtual net metering concept to the affordable housing context, and directed that a ruling be issued to take comment on the idea of extending virtual net metering to all multi-tenant buildings in the state.<sup>1</sup> More than a year later, such a ruling has yet to be issued.

We urge the Commission to make it a priority to extend virtual net metering, or an equivalent concept, to all multi-unit buildings, in order to facilitate the development of customer-generated solar power in California.

Sincerely,

/s/

Raissa Lerner  
Deputy Attorney General

For EDMUND G. BROWN JR.  
Attorney General

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<sup>1</sup> See MASH Decision, D.08-10-036, at p. 40.