BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA

Order Instituting Rulemaking to Revisit Net Energy Metering Tariffs Pursuant to Decision 16-01-044, and to Address Other Issues Related to Net Energy Metering.	R.20-08-020 (Filed August 27, 2020)

JOINT MOTION OF PACIFIC GAS AND ELECTRIC COMPANY (U 39-E), SAN DIEGO GAS & ELECTRIC COMPANY (U 902-E) AND SOUTHERN CALIFORNIA EDISON COMPANY (U 338-E) FOR OFFICIAL NOTICE OF EXTENSION OF TAX CREDITS THROUGH THE INFLATION REDUCTION ACT OF 2022

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Pursuant to Rules 11.1 and 13.10 of the California Public Utilities Commission Rules of Practice and Procedure, Pacific Gas and Electric Company, San Diego Gas and Company, and Southern California Edison (collectively, the "Joint Utilities")[1] hereby move for official notice of the enactment of the Inflation Reduction Act of 2022 (H.R. 5376, 117th Cong.), specifically Title I, Subtitle D (Energy Security), Part 1, Section 13102 (Extension And Modification Of Energy Credit), Part 3, Section 13302 (the "Residential Clean Energy Credit") and Part 7, Section 13702 (Clean Electricity Investment Credit).

Through the Inflation Reduction Act, existing clean energy credits that were scheduled to scale back and expire are reinstated with extended phase out periods. More specifically[2]:

- Sections 13102 and 13702, extending and modifying the energy credit, amend Sections 48 and 48E, respectively, of the Internal Revenue Code to provide a 30 percent credit for certain renewable energy projects (including solar and energy storage technology), and that (a) are sized less than one megawatt; or (b) meet certain wage and apprenticeship requirements. The credit extends until the second calendar year following the "applicable year"—defined as the later of 2032 or the calendar

[1] Pursuant to Rule 1.8(d) of the Commission's Rules of Practice and Procedure, PG&E has been authorized by representatives of SDG&E and SCE to submit this filing on their behalf.
[2] The Solar Energy Industries Association has prepared a summary providing an overview of the changes to the tax credits. *See* Inflation Reduction Act Summary PDF (seia.org). Tables on pp. 2, 4-5 of the Summary compare the credits before enactment of the Inflation Reduction Act and after.

year in which it is determined that electric sector annual greenhouse gas emissions are equal to or less than the electric sector annual GHG emissions for calendar year 2022.

- The Residential Clean Energy Credit (Section 13302), amends Section 25D of the Internal Revenue Code (26 U.S.C. § 25D) to: (a) extend through December 31, 2034 the tax credit available to individuals for qualifying solar electric property expenditures (among other types of clean energy property expenditures); (b) reinstate the available credit at 30 percent of the qualifying expenditure (which, prior to amendment, had dropped to 26 percent and was scheduled to drop to 22 percent as of January 1, 2023); (c) extend availability of the 30 percent credit to January 1, 2033 and phase out the credit thereafter; and (d) expand the credit to apply to qualified battery storage technology expenditures.

The extension of these tax credits through enactment of the Inflation Reduction Act is the proper subject of official notice.

Official notice is the counterpart in administrative proceedings to judicial notice in court. Commission Rule 13.10 provides specifically for official notice of such matters as may be judicially noticed by the courts of the State of California pursuant to Evidence Code section 450 et seq. Evidence Code section 452 provides for judicial notice of legislative enactments and official acts of the legislature.

The Inflation Reduction Act, and more specifically, the extension of the 30 percent tax credit for both non-residential and residential solar projects, is directly relevant to the modeling of a successor net energy metering tariff in this proceeding. Importantly, the modeling assumptions for the net billing tariff proposed in the December 13, 2021 Proposed Decision of Administrative Law Judge Kelly A. Hymes take into account the then-existing tax credit (and phase out), providing only the 22 percent credit previously available in 2023.[3] All else equal, a

[3] Proposed Decision, Appendix B, p. B1. In addition, Findings of Fact 92 through 94 of the Proposed Decision specifically pertain to the impact of the investment tax credit in the nonresidential sector and the then-uncertainty concerning its future. (PD, p. 164.)

30 percent tax credit (as compared to a 22 percent credit) reduces the cost of solar adoption, thereby reducing the payback period for customers benefitting from the tax credit. The more generous tax credits under the Inflation Reduction Act, therefore, have a direct impact on the modeling of the successor to the existing net energy metering tariffs.

Respectfully Submitted,

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