

## 2026-126 AUDIT SCOPE AND OBJECTIVES

### Public Utilities Commission—Utility Timeliness Oversight

The audit by the California State Auditor will provide independently developed and verified information related to the timeliness oversight provided by the California Public Utilities Commission (CPUC) related to customer-sited solar and storage, focused on net energy metering (NEM) systems larger than 30kW and non-NEM systems of all sizes. The audit's scope will include, but will not be limited to, the following activities:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Assess the sufficiency of the CPUC's monitoring of utilities' compliance with Rule 21 timelines, to the extent possible, by doing the following:
  - (a) Review the CPUC's process for overseeing utilities' compliance with interconnection timelines, including any resources and programs it has dedicated to this purpose.
  - (b) Determine whether the CPUC has received information that indicates utilities have repeatedly violated interconnection timelines and, if so, the extent to which specific timeline violations occurred.
  - (c) Determine how the CPUC has monitored the implementation of any solutions that the utilities provided during a 2023 workshop to resolve noncompliance with timelines.
3. Evaluate the CPUC's processes for ensuring utilities' compliance with Rule 21, including any enforcement actions it takes for this purpose and how it resolves disputes related to the rule's timelines, to the extent possible, by doing the following:
  - (a) Identify the available actions that the CPUC can take to enforce repeated violations of Rule 21 and related CPUC rules and identify the CPUC stakeholders involved in each action.
  - (b) Identify the type and frequency of any enforcement actions the CPUC took in response to interconnection timeline violations, including any penalties that the CPUC may have imposed on utilities.
  - (c) Identify the dispute resolution options available to customers when a utility has failed to comply with interconnection timelines on a customer's project and whether they are reasonably accessible to customers.
  - (d) Review and assess the timeliness of the CPUC's process for responding to reported violations of interconnection timeline requirements and, if such responses were untimely, determine the reasons for any delays. Determine whether existing dispute resolution processes result in timely resolution and adequate compensation to customers for their engagement and whether those processes incentivize utilities to avoid repeat violations of Rule 21 timeline requirements.
  - (e) Determine whether the CPUC's existing enforcement processes are effective in ensuring that utilities consistently comply with Rule 21 interconnection timelines. If not, identify the enforcement actions the CPUC takes to compel regulated entities to comply with other rules and orders and whether those actions are likely to be effective for enforcing interconnection timeline requirements.
  - (f) Determine whether any changes to the CPUC enforcement of Rule 21 requirements could reduce the time that CPUC staff spend resolving disputes.

4. Assess whether the CPUC has a sufficient process for monitoring utilities' costs related to the interconnection process by doing the following:
  - (a) Determine who bears the costs of the interconnection process and what resources and programs the CPUC has established to track the efficiency of utilities' spending on their interconnection processes.
  - (b) Determine whether the CPUC tracks the utilities' staffing levels related to interconnection work and whether it is aware of any reasons for possible delays in utilities' interconnection processes and, if so, the extent to which utility staffing shortages and high turnover caused those delays. Determine whether the CPUC's efforts to monitor or regulate utilities' staffing levels could be effective in reducing any such delays.
  
5. Review and assess any other issues that are significant to the audit.