

Appendix A

Customer Explanation of Net Billing Tariff

How Electricity Bill Savings Work

If you go solar, the majority of your electricity bill savings will come from reducing the amount of electricity that you buy, or import, from your electricity provider. A minor additional amount of bill savings will come from your provider's Net Billing program. Net Billing provides you with financial credits on your bill when your solar system sends excess electricity to the electric grid after first powering the electricity needs at your home. The value of these credits varies by time of day and season depending on the current supply and demand for electricity on the grid. It will usually be lower than the rate that you pay for electricity, just as wholesale prices for other goods are lower than their retail prices. Finally, you will receive an additional bill credit if you interconnect your solar system while California has its Market Transition Credit in effect.

Net Billing and Your Electricity Bill

Importing and Exporting Electricity

Since the sun isn't always shining, most solar customers also rely on electricity from the electric grid. Pairing a battery with your solar system allows you to store your excess solar generation and then reduce the amount of electricity you need to import from the grid in the evening. After your solar system is interconnected to the grid, your monthly electricity bill will summarize how much electricity your home imported from and exported to the grid.

Bill Charges

PG&E, SCE, and SDG&E solar customers are required to go on a time-of-use (TOU) rate plan. On a TOU rate plan, you will pay different prices for electricity at different times of the day (also called "TOU periods"). Prices for the energy you import from the electric grid are typically highest between 4 p.m. and 9 p.m.

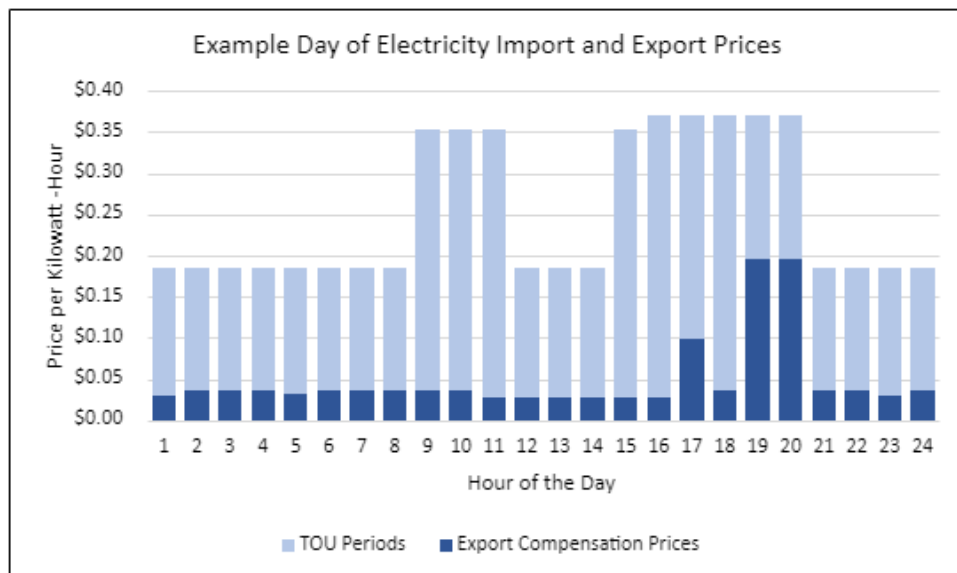
In addition, you will be responsible for paying a Grid Participation Charge in order to contribute your fair share of costs to maintain the grid and help low-income and disadvantaged Californians afford energy and access clean energy programs. The Grid Participation Charge is \$8 per kilowatt (kW) of solar installed per month. For example, if your solar system is 5 kW, your Grid Participation Charge will be \$40 per month. You cannot offset this charge using solar bill credits, but you can by using any Market Transition Credit and/or net surplus compensation you receive (see below).

You will not need to pay the Grid Participation Charge if you participate in the CARE or FERA programs, live in a disadvantaged community, or live in California Indian Country.

Bill Credits

Bill Credits for Exports

You will receive bill credits at a set price per unit of electricity (kilowatt-hour) exported, based on the value of the electricity to your provider in each hour of the day. The value generally follows TOU periods, meaning you will receive higher prices for energy exported during the most expensive TOU periods, and so on. If you want to maximize your bill credits, you can pay closer attention and use less energy (in order to export more) during the specific hours in a TOU period when prices are highest. If you have a battery, you may be able to program it to automatically store up energy produced by your solar panels during sunny hours, and then export energy during the most lucrative hours later in the day.



For the first five years after your solar system is interconnected to the grid, these prices will be based on what was predicted before you installed solar, in order to provide a measure of certainty for the purpose of predicting bill savings. After five years, the prices you receive will be set each year. They can rise or fall but are not expected to change drastically each year.

Market Transition Credit

If you interconnect your system to the grid by the end of 2027, you will receive a Market Transition Credit (MTC) on your electricity bill for ten years. The MTC is determined based on the amount of solar generation expected from your system. If you have a low bill in a given month and part of the MTC is left over after reducing your bill to the minimum amount, that part of the MTC will roll over to future months as needed and will not expire.

Monthly Payments and Net Surplus Compensation

Customers who are required to add solar (e.g. by California's building code) do not receive the MTC.

Your charges and credits will be "trued up" each month. Even though going solar can reduce your electricity costs, most customers still owe some money to their electricity provider at true-up time.

Though it's rare, if you export more electricity than you import in a month, you are typically eligible to be paid "net surplus compensation" for your excess electricity, which is around 2 to 3 cents per kilowatt-hour. Because this rate is lower than the rate you pay for electricity from the grid, it is generally not in your financial interest to install a solar system that produces much more energy than you use, unless you plan to make purchases that will increase your electricity usage, e.g., an electric vehicle.

(END OF APPENDIX A)