

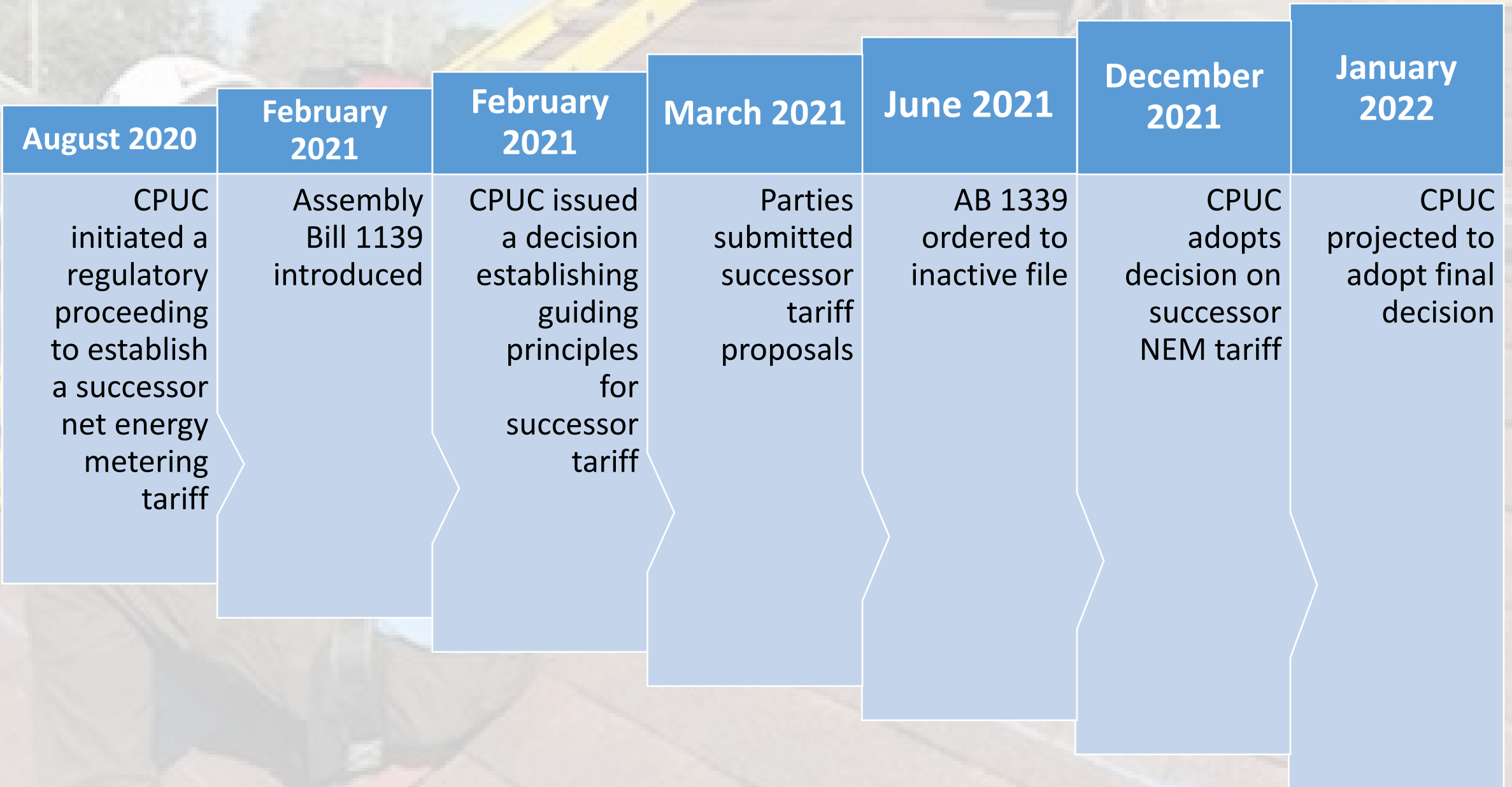


# Net Energy Metering Successor Tariff

## Proposed Decision (12/13/21)

RCEA Community Advisory Committee Meeting  
January 11<sup>th</sup>, 2022

# Timeline

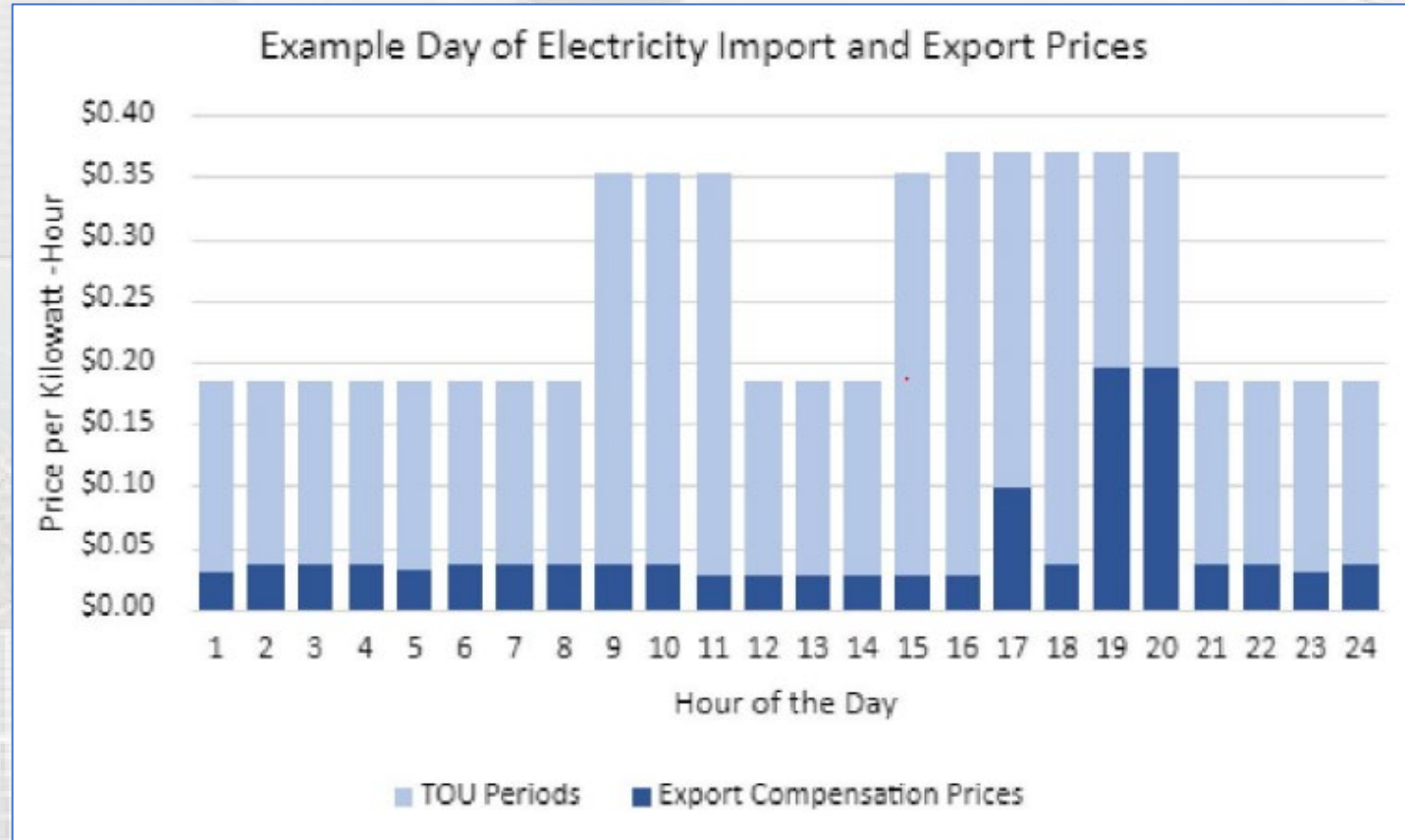


# Major Components of PD

- Net billing
- Export and import rates
- True-ups
- Market Transition Credit
- Grid Participation Charge
- Low-income customers
- Virtual NEM and NEMA customers
- Implementation

# Net Billing & Export Compensation

- NEM compensates customers for excess energy exported to the grid at the retail rate
- Net billing decouples export compensation from the retail rate, and instead customers sell excess energy to the utility at wholesale or “avoided cost” price
- Export compensation rates are based on the Avoided Cost Calculator
  - Estimated at ~5 cents/kWh, reduction from 20-30 cents/kWh for today’s res customers





# Import Rate Structure

- Highly differentiated TOU rates meant to spur electrification
  - EV2-A is the only electrification rate initially eligible for the successor tariff
- Customers can elect CPP or PDP rates on any rate option they select
- LI and VNEM customers can pick any TOU rate
- PD does not indicate whether there will be any import rate requirements for non-res customers
- Customers can oversize their loads by 50 percent, while maintaining the current net surplus compensation rate, to promote electrification

# True-Ups

- Annual true-ups maintained; credits will be carried forward to future months within a 12-month billing period
- Customers are to pay their bills monthly=they must pay all incurred charges every month



# Market Transition Credit

- Incentive for res solar customers; will be a discrete line on utility bill, will apply to all charges, and will apply to future bills until credit is used
- Designed to achieve a 10-year payback period
- Credit will decrease by 25 percent annually until the credit reaches zero
- No MTC for non-residential customers, or new home construction
- PG&E low-income
  - \$4.36/kW per month for 10 years. For a 6kW system, this is \$26/month
- PG&E non-LI
  - \$1.62/kW/month for 10 years. For a 6 kW system, this is \$10/month

# Grid Participation Charge

**Table 8**

**Adopted Monthly Grid Participation Charge for Successor Tariff Customers**

Customer Segment	PG&E	SDG&E	SCE
Residential	\$8.00/kW	\$8.00 kW	\$8.00 kW
Low-Income	\$0/kW	\$0/kW	\$0/kW
Nonresidential	\$0/kW	\$0/kW	\$0/kW

- **GPC: \$48/month (PG&E res; 6kW system)**
- May fluctuate after 10 years
- Those temporarily billed on NEM 2.0 won't pay GPC until the successor tariff is fully operationalized



# Low-Income Considerations

- Low-income tariff
  - Eligibility: CARE/FERA, DACs, and CA Indian Country
  - Same export compensation as general market
  - CARE and FERA discounts are not applied to export compensation
  - Exempt from Grid Participation Charge
  - Eligible for any TOU rate



# Low-Income Considerations Cont'd

- Equity Fund
  - Goal: Create improved access to DER tech for low-income customers and those living in disadvantaged communities
  - Annual cap of \$150M over a 4-yr period (\$600M total)
  - Workshop to be held by 4/30/22 to finalize details of how to collect Equity Fund \$, who should pay into it and other implementation details

# Virtual Net Energy Metering & Net Energy Metering Aggregation

- Maintaining current tariff (NEM 2.0) for low-income MASH and SOMAH  
VNEM → declined
- Changes to non-CARE/FERA VNEM and NEMA tariffs → mostly declined
  - VNEM and NEMA tariffs will not be combined
- VNEM customers are not required to adopt the electrification TOU rates; can choose other current TOU rates
- Multiple arrays on a site (ex. Apt. complex) can now be aggregated to make one large system
- CPUC declines to adopt a successor tariff specifically for community DERs
- No consideration of Community Solar at this time



# NEM 1 and NEM 2 Revisions

- Legacy treatment has been reduced to 15 years for non-CARE/FERA res customers
  - This includes res customers who take service under NEM 2 between the adoption of this decision and before the sunset date (~May 27<sup>th</sup>, 2022), as well as customers taking control of a res system interconnected under NEM 2
- All existing NEM 2 customers are offered a storage incentive if they voluntarily switch to the successor tariff w/in 4 years from the time the rebate becomes available (\$0.20/Wh storage rebate)



# Implementation of Successor Tariff

- Changes to IOU billing systems and supporting platforms to bill customers on the new tariff will take 12-24 months following the issuance of the final decision (CPUC mandates 12 months; ~January 27<sup>th</sup>, 2023)

# Implementation of Successor Tariff: Step 1

- ~Feb 27th, IOUs submit AL to provide details of the successor tariff, as adopted in this decision.
- AL will interpret how the tariff will be structured and include additional details on price components

# Implementation of Successor Tariff: Step 2

- ~March 14<sup>th</sup> , IOUs submit AL containing rate factors based on applicable revenue req'ts, as well as associated tariff sheets to provide the industry w/details necessary to inform customers about the tariff, including consumer protection elements like updated or new disclosure docs



# Implementation of Successor Tariff: Step 3

- ~April 6, ED will dispose of Step 1 and 2 ALs



# Implementation of Successor Tariff: Step 4

- **~May 27<sup>th</sup>**, Commission to implement sunset on NEM 2.0; after this date, no additional customers will be permitted to take permanent service under NEM 2.0
- Any delay in processing Step 1 and 2 ALs, will result in a day-to-day extension of the 120-day timeline for the sunset
- Customers signing an interconnection app, installation agreement, lease, or PPA contract after the sunset date will take service and be billed on NEM 2.0, then transitioned to the new tariff once it is operationalized

# Implementation of Successor Tariff: Step 5

- ~1/27/23, IOUs will have billing systems to allow full implementation of successor tariff



# Extra Slides

# Guiding Principles

A successor shall maximize the value of customer-sited renewable generation to all customers and to the electrical grid, where value is the sum of benefits customer-sited generation provides the electric grid; and

A successor to the net energy metering tariff shall ensure equal compensation for the same generation, equal collection of unavoidable and non-bypassable charges from participants and non-participants and require participants to pay a fair share for the grid services they use;

A successor shall enhance consumer protection measures for customer-generators providing net energy metering services;

A successor shall fairly consider all eligible technologies;



# Guiding Principles

A successor shall be coordinated with the Commission and California's energy policies, including but not limited to, Senate Bill 100 (2018, DeLeon), the Integrated Resource Planning process, Title 24 Building Energy Efficiency Standards, and California Executive Order B-55-18;

A successor shall be transparent and understandable to all customers and be uniform, to the extent possible, across all utilities;

A successor shall maximize the value of customer-sited renewable generation to all customers and to the electrical grid, where value is the sum of benefits customer-sited generation provides the electric grid; and

A successor shall consider competitive neutrality amongst Load Serving Entities.