

R.20-08-020: NEM Successor Tariff NEM Equity Proposal

NEM Equity Proposal jointly submitted by:
GRID Alternatives, Vote Solar, and Sierra Club on
March 15, 2021

Workshop Presentation:
March 24, 2021 2:25 pm - 3:05 pm
Steve Campbell, GRID Alternatives

Purpose of Proposal: Meeting ESJ Commitments in NEM

ESJ Action Plan Definition of Environmental & Social Justice:

“Environmental and social justice seeks to come to terms with, and remedy, a history of unfair treatment of communities, predominantly communities of people of color and/ or low-income residents. These communities have been subjected to disproportionate impacts from one or more environmental hazards, socio-economic burdens, or both. Residents have been excluded in policy setting or decision-making processes and have lacked protections and benefits afforded to other communities by the implementation of environmental and other regulations, such as those enacted to control polluting activities.” p.6 ESJ Action Plan

Relevant Statute and NEM 3 Guiding Principles Addressed Through the NEM Equity Proposal Include:

- **Guiding Principle (a):** “Ensure that the standard contract or tariff made available to eligible customer generators ... include specific alternatives designed for growth among residential customers in disadvantaged communities.” PUC § 2827.1
- **Guiding Principle (b):** A successor to the net energy metering tariff should ensure equity among customers;
- **Guiding Principle (c):** A successor to the net energy metering tariff should enhance consumer protection measures for customer generators providing net energy metering services;

Eligibility of the NEM Equity Proposal:

The NEM Equity Proposal limits eligibility to households and communities that the Commission identifies as **Environmental and Social Justice (ESJ) Communities***

How the NEM Equity Proposal Helps ESJ Communities: Policy A

Policy A Summary: Reduce low-income energy burden by equalizing NEM export value

Policy A helps the Commission

- **Meet PUC § 2827.1:** “...include specific alternatives designed for growth among residential customers in disadvantaged communities.”
- **Meet ESJ Action Goal #1:** Increase investment in clean energy resources to benefit ESJ communities, especially to improve local air quality and public health.

Policy A does this by:

- Decoupling savings on NEM exports from (NEM 3) low-income customers’ retail rate, while allowing them to remain on their retail rate for their energy purchases.
- Eligible customers would be assigned a time-varying rate for their exports, equal to the current default residential TOU rate schedule offered by the customer’s IOU in 2021. Vintaged for 20 years.

The benefits of this structure are:

- Maintains consistent and meaningful bill savings to low-income customers over a defined period of time
- Reduces net cost impacts to non-participants over time
- Does not automatically widen TOU differentials for low-income clean energy customers
- Simplifies the process of modeling savings for clean energy developers who want to serve low-income customers, because export value remains consistent and predictable
- CARE and FERA customers would receive the same export value that non-CARE or FERA customers receive, boosting their clean DG savings and reducing their energy burden more than is provided under the current NEM structure (savings analysis on next slide)

Policy A Bill Savings Overview:

Appendix A

Table V. Pre-solar and Post-solar Monthly Bills Under Policy A (\$ per Month)

Bill Savings Using 1/1/2021 Rates	Monthly Bills: Pre-solar and Post-solar Under Policy A								
	CARE Customers - NEM 2.0			CARE with non-CARE Export Credit			Non-CARE (<80% AMI) Residential Customers		
	PG&E	SCE	SDG&E	PG&E	SCE	SDG&E	PG&E	SCE	SDG&E
% of load from solar									
90% solar	E-TOU-C	TOU-D 4-9p	TOU-DR	E-TOU-C	TOU-D 4-9p	TOU-DR	E-TOU-C	TOU-D 4-9p	TOU-DR
Pre-solar bill	\$ 160	\$ 152	\$ 174	\$ 160	\$ 153	\$ 173	\$ 246	\$ 219	\$ 265
Solar bill	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113	\$ 113
Net load bill	\$ 24	\$ 36	\$ 24	\$ 7	\$ 20	\$ 7	\$ 37	\$ 50	\$ 37
Total utility & solar bill	\$ 136	\$ 148	\$ 136	\$ 120	\$ 132	\$ 119	\$ 149	\$ 162	\$ 150
Savings after solar	\$ 23	\$ 4	\$ 38	\$ 40	\$ 20	\$ 54	\$ 97	\$ 56	\$ 116
% savings from solar	15%	2%	22%	25%	13%	31%	39%	26%	44%
% savings from CARE and solar	45%	32%	49%	51%	39%	55%	n/a	n/a	n/a
60% solar									
Pre-solar bill	\$ 160	\$ 152	\$ 173	\$ 160	\$ 152	\$ 173	\$ 246	\$ 218	\$ 266
Solar bill	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75	\$ 75
Net load bill	\$ 61	\$ 67	\$ 65	\$ 43	\$ 56	\$ 47	\$ 94	\$ 95	\$ 100
Total utility & solar bill	\$ 136	\$ 142	\$ 140	\$ 118	\$ 131	\$ 122	\$ 169	\$ 170	\$ 175
Savings after solar	\$ 24	\$ 11	\$ 33	\$ 42	\$ 22	\$ 51	\$ 77	\$ 48	\$ 91
% savings from solar	15%	7%	19%	26%	14%	29%	31%	22%	34%
% savings from CARE and solar	45%	35%	47%	52%	40%	54%	n/a	n/a	n/a

Note: Assumes solar cost of \$0.15 per kWh.

How the NEM Equity Proposal Helps ESJ Communities: Policy B

Policy B Summary: Preserve NEM 2 rates for projects owned and controlled by the community

Policy B *helps* the Commission

- **Meet PUC § 2827.1:** *...include specific alternatives designed for growth among residential customers in disadvantaged communities.*
- **ESJ Action Goal #4:** *Increase climate resiliency in ESJ communities; and*
ESJ Action Plan Goal #7: *Promote economic & workforce development opportunities in ESJ communities*

Policy B does this by:

- Preserving NEM 2 rates for projects “owned and operated by the community”

The benefits of this structure are:

- Does not foreclose the ability of ESJ community members to come together, pool resources, and participate in maximizing the benefits of energy projects through democratic structures like nonprofits, cooperatives, or public entities
- Many of these projects are intended to become community Resilience Hubs - identified and governed by the community itself
 - Top-down decision-making on which community resources deserve resilience benefits does not generate goodwill with the communities
 - Enabling communities to co-create, operate, and govern the development process of clean energy and resilient energy projects ensures the Commission is representing people and communities

Consumer Protection

Policy A & B *help* the Commission

- **Meet Guiding Principle (c):** *A successor to the net energy metering tariff should enhance consumer protection measures for customer generators providing net energy metering services;*
- **Meet ESJ Action Plan Goal #6:** *The CPUC will strive to protect communities that have historically faced service inequities. The CPUC will develop consumer protection initiatives that promote consumer and safety protections for the most vulnerable consumers in ESJ communities.*

How the NEM Equity Proposal Improves Consumer Protection:

- Fixing the export value at a time-differentiated rate for 20 years
 - Strengthens the inputs and lessens the assumptions in modeling
 - Improves the anticipated savings information that forms the foundation of a positive and trusted customer-contractor experience
- This improves contractors' ability to clearly and confidently discuss the [Solar Consumer Protection Guide](#) with prospective customers.
 - Electricity Bill Savings Estimates (p.16-17)
 - Initial Contract Questions (p.1-4)
 - How much will I pay per month? (p.4)
 - When will these payments increase and by how much? (p.4)

Consumer Protection Cont'd

Policy A & Policy B are intended to help the Commission meet the statutory requirement of 2871.1(b)(1):
“...include specific alternatives designed for growth among residential customers in disadvantaged communities.”

One of the most streamlined methods to immediately grow solar in DACs and ESJ Communities is to:

- Increase the Ability of the DAC-SASH Program to Provide Guaranteed Consumer Protections
 - DAC-SASH guarantees 12 consumer protections to every participant
 - The larger the proportion of income-eligible customers that participate in DAC-SASH correspondingly helps reduce fraudulent behavior in the market.
 - A Customer-centric approach:
 - Ensures culturally and linguistically appropriate outreach and education, which
 - Builds community trust, and
 - Enables neighbor-to-neighbor knowledge sharing/community pride

Continuing strong consumer protection:

- The CPUC, California State Licensing Board (CSLB), and the Department of Financial Protection and Innovation (DPFI) are continuing to develop consumer protection measures (e.g. recovery fund)
- CBOs and consumer advocacy groups (e.g.: Dolores Huerta Foundation, CLICC, GRID Alternatives, etc..), the IOUs and solar parties support strong consumer protections and fair prosecution of bad actors
- Enabling communities to come together, pool resources, and govern clean energy projects themselves will help reduce the ability of bad actors to take advantage of ESJ communities

Thank You
What Questions Do You Have?

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