NEM Revisit Update
Disadvantaged Communities Advisory Group
February 19, 2021

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California Public
Utilities Commission

NEM Revisit (R.20-08-020)

Aug 2020 A rulemaking to consider a successor to the current Net Energy Metering (NEM) tariff initiated

Jan 2021 Two white papers released by consultants Verdant and E3:

1) NEM 2.0 Lookback Evaluation that assessed the value of current structure
2) White Paper that identified options for future tariffs

Feb 2021 Guiding principles for the future NEM tariff adopted by CPUC

March 2021 Stakeholders will submit proposals for successor NEM tariff

Dec 2021 A final CPUC decision on NEM successor tariff expected

Adopted Guiding Principles for NEM Successor

A successor to the NEM tariff should:

a. Comply with the statutory requirements of Public Utilities Code Section 2827.1
b. Ensure equity among customers
c. Enhance consumer protection measures for customer-generators providing NEM services
d. Fairly consider all technologies that meet the definition of renewable electrical generation facility in Public Utilities Code Section 2827.1
e. Be coordinated with the CPUC 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
f. Be transparent and understandable to all customer and should be uniform, to the extent possible, across all utilities
g. Maximize the value of customer-sited renewable generation to all customers and to the electrical system
h. Consider competitive neutrality amongst Load Serving Entities

E3's White Paper Proposed One Potential Option for DACs

- AB 327 (Perea, 2013) require that customer-sited renewables **"continues to grow sustainably and include specific alternatives designed for growth among residential customers in disadvantaged communities"**

- E3's White Paper (*which represents the consultant, not CPUC's views*) proposed one idea that could potentially benefit DACs and low-income customers.
  - A proposed "Market Transition Credit" would help transition NEM customers to a rate that better aligns with cost/values to the grid.
  - This Market Transition Credit could be calibrated for different geographic, income-based or other populations depending on policy.

Next Step in NEM Successor Proceeding

- Parties to the NEM successor proceeding will comment on E3's white paper and propose their own ideas by March 15, 2021.
- DACAG stakeholders are encouraged to engage in the NEM successor proceeding.

En Banc on Energy Rates and Costs Scheduled for Feb 24, 2021

- February 24, 2021 (9:30am- 4:45pm)

  10:00-10:45a – Staff Presentation on Energy Division White Paper: A Glimpse into Future Electric Costs and Rates

  10:45a-12:00p – Panel One: Can We Afford the Future?

  1:00-2:30 – Panel Two: What Strategies for Cost Control or Reduction Do We Need to Explore?

  2:45-4:00p – Panel Three: Do We Need a Paradigm Shift in How California Funds Climate Change Initiatives?

NEM Findings from White Paper Prepared for *En Banc*

- NEM cost shift has continued to increase since 2016.
- NEM customers are disproportionately older, located in high-income areas, likely to own their home, and less likely to live in a disadvantaged community.
- Consequently, the costs of NEM are disproportionately paid by younger, less wealthy, and more disadvantaged ratepayers, many of whom are renters.
- Potential equity concerns related to the NEM cost shift include the following:
  - PG&E (as of November 2020) Only about 5 percent of their CARE customers, are NEM participants, meaning approximately 95 percent of CARE customers did not participate and therefore bear the cost responsibility of compensating NEM customers.
  - SCE (as of December 2020), Only 4 percent of their CARE customers participate in NEM, meaning over 1.4 million CARE customers, or about 96 percent, shoulder the additional cost burden from all NEM customers.

Questions?
Comments?
Thank you!