

December 1, 2022

To: Honorable Members of the City Council
From: California Solar and Storage Association
Subject: Reaffirm Support for Net Energy Metering

RECOMMENDATION

Send the enclosed Resolution in support of Net Energy Metering and transmit copies to Governor Gavin Newsom, State Senator Nancy Skinner, Assemblymember Buffy Wicks, and members of the California Public Utilities Commission Board (CPUC). The Proposed Decision (PD) issued by the CPUC on November 10, 2022, continues to threaten access to net energy metering and rooftop-scale solar and storage by homeowners and tenants alike, thus interfering with Berkeley's and California's climate action and equity goals.

BACKGROUND

Customers who install small solar, wind, biogas, and fuel cell generation facilities to serve all or a portion of onsite electricity needs are eligible for the state's Net Energy Metering (NEM) program. NEM allows customers who generate their own energy to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility.

The current NEM program was adopted by the California Public Utilities Commission (CPUC) in Decision (D.)16-01-044 on January 28, 2016. The program provides customer-generators rate credits for energy exported to the grid and requires them to pay charges that align NEM customer costs more closely with non-NEM customer costs. NEM is designed to support the installation of customer-sited renewable energy generation.

In 2020 the CPUC launched a formal proceeding to update the current NEM structure. The new rulemaking is referred to as NEM 3.0 because this is the third iteration of the NEM program. Over 17 proposals were submitted to the CPUC for consideration, including joint proposal from the state's big three investor-owned utilities (IOUs), Pacific Gas & Electric, Southern California Edison and San Diego Gas & Electric. Opponents of the big three IOUs' joint proposal claim that it would hinder the state's highly successful rooftop solar market which is a key strategy in the state reaching its lofty clean energy and environmental goals.

On November 10, 2022, the CPUC released the latest NEM 3.0 PD.¹ While, unlike a previous iteration of the proposal, this PD does not propose a tax solar and solar-plus-

¹ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M498/K526/498526033.PDF>

storage consumer that intend to use NEM, the following aspects of the PD are still too extreme:

- Most residential NEM solar consumers after April 2023 will see an average 75% reduction in the credit they receive for sharing their extra energy with the grid – from an average of \$.30/kilowatt-hours (kWh) to about \$.08/kWh.
- Churches, schools, or businesses who go solar after April 2023 will see an even bigger reduction in the solar credit.²

As such, this PD – while an improvement over its predecessor issued in December 2021³ – continues to violate the following principles expressed by the City Council in 2021⁴ and 2022,⁵ respectively:

- Protecting and expanding rooftop solar via a strong succeeding NEM tariff and expanding clean energy access by making it easier, not harder, for people to adopt rooftop solar and energy storage in order to meet California's ambitious clean energy targets and deploy solar in all communities and households, particularly those struggling to pay for electricity; and
- Expressing its support for the items as stated above, including urging the CPUC to:
 - (i) strengthen NEM to expand access to all households, particularly of low-and-moderate income;
 - (ii) expand access to other clean energy technologies that pair with solar, such as batteries;
 - (iii) ensure that the solar installations continue to grow in order to meet State and City climate goals; and
 - (iv) exclude provisions set forth in the IOU Proposal such as high monthly fixed fees and reducing or eliminating credits for sharing electricity with the power grid.

A consensus has emerged among stakeholders that a fair and effective rooftop solar policy must share its benefits with low-income and disadvantaged communities that

² <https://solarrights.org/update-state-officials-release-new-rooftop-solar-proposal/>

³ <https://www.cpuc.ca.gov/-/media/cpuc-website/divisions/energy-division/documents/net-energy-metering-nem/nemrevisit/430903088.pdf>

⁴ <https://berkeleyca.gov/sites/default/files/documents/2021-10-26%20Item%2027%20Support%20Net%20Energy%20Metering.pdf>

⁵ <https://berkeleyca.gov/sites/default/files/2022-04/2022-01-18%20Item%2021%20OPPOSE%20Net%20Energy%20Metering.pdf>

have previously been left out. As such, the latest PD is still too extreme, particularly through its proposal to dramatically slash net energy compensation over a period of just six months from its issuance – the steepest such cut proposed at any time, anywhere in the nation.

FINANCIAL IMPLICATIONS

Limited staff time associated with sending a letter to designated recipients.

ENVIRONMENTAL SUSTAINABILITY

No direct identifiable environmental sustainability savings are associated with this item. However, the passage of the latest NEM 3.0 PD is likely to squelch the deployment of rooftop-scale solar and storage in the City of Oakland, which would interfere with a key strategy in the realization of Oakland's Climate Action goals.

CONTACT PERSON

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