

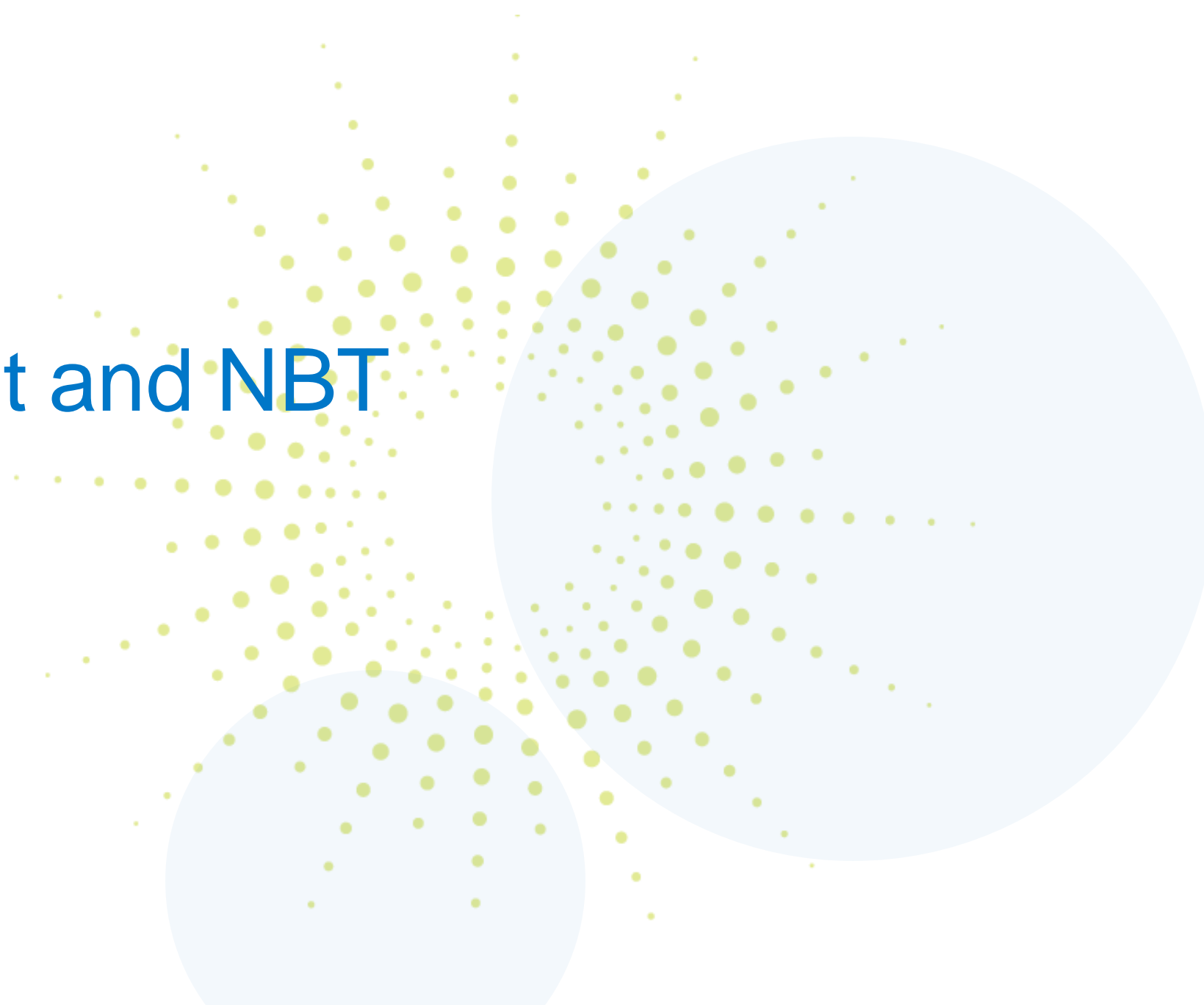


NEM 2.0 Sunset and NBT Transition

Leslie Brown

Citizens Advisory Committee

June 8, 2023



Discussion Overview

For Tonight:

- Brief history of Net Energy Metering (NEM) in California
- High level overview of Net Billing Tariff (NBT)

More to Come:

- Details on billing/credit options for future solar customers

Net Energy Metering (NEM) History

- NEM 1.0 in effect from 1996-2016/17 throughout CA
 - Promote proliferation of rooftop solar
 - Tariffs that heavily favored mid-day solar production
 - 12-month credit/charge aggregation at retail rate
 - 20 year Interconnection Agreement
- NEM 2.0 in effect from 2016/17-April 14, 2023
 - Required TOU rates for NEM customers (4-9 pm peak rates)
 - Included Non Bypassable Charges (NBCs)
 - 12 month credit/charge aggregation at retail rate
 - 20 year Interconnection Agreement

No Immediate Changes for Current Customers

- If you have an existing solar system, nothing will change about your current billing/compensation
- Existing NEM customers have 20 years from their original interconnection date before new policy applies*
 - Changes and/or upgrades to an existing solar system can trigger an early transition to new program
- Processes for transitioning customers are still being developed

What is NBT?

- New solar interconnection policy for systems applying after April 14, 2023
 - NEM 3.0 => Net Billing Tariff (NBT) => Solar Billing Plan
- Per the CPUC the new policy changes are intended to:
 - Credit excess solar generation at its grid value (vs retail)
 - Charge NBT customers for grid electricity based on high differential TOU tariffs and encourage solar + storage installations (encourage shifting exports to later in the day)
 - Promote equitable access and benefits of solar for low-income customers
 - Support sustainable growth of solar in CA

NEM 2.0/NBT Major Differences

- E-ELEC is the only qualifying rate plan for residential customers
- Reduces compensation for excess generation-no more retail credit
 - Avoided Cost Calculator (ACC) to calculate hourly value of solar export
- Additional incentive for solar + storage
- Larger incentive for low-income (CARE/FERA) customers to allow for similar payback as Non-CARE customers (~9 years)
- Customers can oversize system (150%) if they attest to load growth within next 12 months
- NBT customers will be charged monthly for energy use (no more large, annual true-up statements)

What does this mean for PCE?

- New PCE solar customers who did not submit a solar interconnection application by April 14, 2023 will be served under Net Billing Tariff rules
- PCE is still responsible for setting our own compensation rates for excess solar generation and staff is still studying what is viable
 - Alternatives to the ACC may be costly and/or difficult to implement
 - ACC vales will still apply to T&D exports regardless of CCA Generation rates
- More to come over the next couple of months as staff evaluates options