NEM 2.0 Sunset and NBT Transition

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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
  o Promote proliferation of rooftop solar
  o Tariffs that heavily favored mid-day solar production
  o 12-month credit/charge aggregation at retail rate
  o 20 year Interconnection Agreement

• NEM 2.0 in effect from 2016/17-April 14, 2023
  o Required TOU rates for NEM customers (4-9 pm peak rates)
  o Included Non Bypassable Charges (NBCs)
  o 12 month credit/charge aggregation at retail rate
  o 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*
  
  o 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
  o NEM 3.0 => Net Billing Tariff (NBT) => Solar Billing Plan

• Per the CPUC the new policy changes are intended to:
  o Credit excess solar generation at its grid value (vs retail)
  o 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)
  o Promote equitable access and benefits of solar for low-income customers
  o 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
  o 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 values 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