

# COMMUNITY ADVISORY COMMISSION UPDATE:

NEM 3.0 UPDATE

January 20, 2022



# CPUC NEM 3.0 PROPOSAL

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- CPUC issued NEM 3.0 Proposed Decision (PD) 12/13/21
- Final Decision as soon as 01/27/22
- Potential for Alternate Proposed Decision (APD)
  - APD would require new 30-day comment period

# KEY ELEMENTS NEM 3.0 PD

- **Penalties** imposed on residential solar, solar + storage customers
  - The larger the system the larger the charge, applies immediately
  - Average \$57 per month residential “Grid Participation Charge” (\$8/kW-mo)
  - Commercial customers exempt; applies to SJCE residential customers
- **Two meters**, different rates for solar “export” and customer “import”
  - NEM 3.0 “export” rate reduced by 88% immediately, no glide path
  - NEM 3.0 “import” rate moved to TOU with monthly IOU charge of \$14-16/mo.
  - Applies to residential and low income, commercial exempt from TOU+charge
- **Financial incentives** in first 4 years of NEM 3.0, annual step down in value
  - Partially offsets new customer fees and loss of export value

# DETAILS OF NEM 3.0 PD

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**Timing:** Existing NEM 2.0 tariff option closes for new solar customers on 05/27/22; customers installed after 05/27 moved to NEM 3.0 up to 12 mo after final Decision.

**Legacy:** NEM customer protection reduced from 20yrs to 15yrs after interconnect.

- After 15 yrs NEM 1.0 and 2.0 customers automatically moved onto NEM 3.0

**Customers:** Elements of NEM 3.0 apply to residential, new home developers, commercial customers, and low-income customers

- Details of NEM 3.0 fees, credits, and rates vary by customer class, location, income, and date of NEM 3.0 adoption.

# DETAILS OF NEM 3.0 PD

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## **Credits:** NEM 3.0 reduces value of solar “export” credits, immediate

- Reduction in export value from 33 cents to 5 cents (88% reduction in value)
- Export value based on CPUC Avoided Cost Calculator (ACC) model
- ACC value is fixed the first 5 yrs of NEM 3.0, CPUC adjusts annually thereafter
- Applies to residential, new home, low-income, and commercial customers (schools, gov, biz)
- Multifamily VNEM customers remain on NEM 2.0

## **Rate Design:** Mandatory use of TOU + fixed charge “electrification rate”, immediate

- 1-2 cents/kWh during day; 15-20 cents/kWh during evening + \$14-16/mo utility fee
- Applies to residential and low-income customers, commercial exempt

## **IOU Charge:** “Grid Participation Charge”, immediate

- Applies to residential and New Home customers, \$8/kW/mo; about \$48/mo new charge
- Low Income and commercial customers exempt

# CUSTOMER INCENTIVES: 2023-2026

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- **Market Transition Charge (MTC):**
  - Available to 3.0 resi customers, low-income customers eligible for higher MTC
  - Customer MTC credit amount based on income (max \$5.25/KW) and install date
  - 25% annual step down in MTC value, phase out end of 2026.
  - 10yr MTC customer payment, but CPUC to review after 5yrs.
- **Storage Rebate:**
  - \$200/kWh rebate for NEM 1.0 and 2.0 residential if switch to NEM 3.0 in first 4 yrs
  - 25% annual step down in rebate amount, amt tied to battery size, max \$3,200
  - Avg home likely to see \$2,600 rebate, commercial customers not eligible
- **Equity Fund:**
  - \$150M/yr over 4 yrs for Low Income, collection/allocation details undefined
  - Unclear whether available to broader low-income community who lose value

# SJCE AND MAYOR LICCARDO RESPONSE

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## City of San Jose supports rooftop solar in fight against climate change

- SJCE party to NEM 3.0 proceeding, filed in October and December.
- Mayor of Liccardo and four other mayors sent joint letter to CPUC and Gov Newsom in October supporting customer solar, and again in December urging CPUC to reject PD and issue APD that protects solar customers.
- Mayor Liccardo published an OpEd in CalMatters in December urging CPUC to reject punitive solar fees in favor of more climate friendly policy.

# NEXT STEPS

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The Solar Rights Alliance has identified actions for those who are opposed to CPUC Proposed Decision:

- Sign petition to Gov Newsom
- Call Gov Newsom
- Post on social media
- Alert your neighbors with solar
- Give verbal comments at CPUC
- Write a letter to your local newspaper