

California Public Utilities Commission
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PRESS RELEASE

Docket #: R.10-05-

**CPUC TAKES ACTION TO SUPPORT SOLAR
BY CLARIFYING NET METERING CAP**

SAN FRANCISCO, May 24, 2012 - The California Public Utilities Commission (CPUC) today increased the number of rooftop solar installations that will qualify for net energy metering (NEM) by clarifying the way the program is capped.

NEM allows customers to receive a bill credit for excess energy produced by their home solar system. However, the number of solar systems allowed to receive NEM credits is not unlimited. California law states that electric utilities are only obligated to offer NEM to customers until the amount of installed solar capacity equals five percent of the utility's "aggregated customer peak demand." Prior to today's decision, electric utilities interpreted "aggregate customer peak demand" to mean the coincident system peak demand, or the highest demand from all customers at any one time. Under this interpretation, it is estimated that this cap could be reached in Pacific Gas and Electric Company's territory as soon as 2013, at which time the utilities would not accept new NEM customers. Without NEM, the market potential for rooftop solar would be severely restricted. Today's decision clarifies that aggregate customer peak demand means the aggregation, or sum, of individual customers' peak demands. This clarification doubles the amount of solar systems that can benefit from NEM, providing the benefits of solar energy to many more customers.

Today's decision also opens a proceeding to examine the costs and benefits of NEM for non-participating customers and to consider possible revisions to the NEM program. The CPUC's Energy Division will conduct a study on the costs and benefits of NEM to inform that proceeding. The study will examine the costs and benefits by utility, customer class, and income group.

In order to protect non-participating customers from potentially excessive costs, the CPUC would suspend the NEM program for new NEM customers on January 1, 2015, if new NEM policy rules are not adopted by that date.

Said CPUC President Michael R. Peevey, “Solar energy provides a clean, renewable source of electricity for California homes and businesses. NEM is critical to the ongoing success of California’s solar industry, which employs thousands of workers across the state. Today’s decision ensures that the solar industry will continue to thrive for years to come, and we are fully committed to developing a long-term solution that secures the future of the industry in California.”

Added Commissioner Timothy Alan Simon, “Today’s decision will enable more California families, schools, and community and faith based organizations the opportunity to engage in California’s dynamic energy markets. By expansion, we can keep the solar workforce employed and expand this benefit to historically disadvantaged communities.”

Said Commissioner Mark J. Ferron, “Since it was first adopted, the NEM program has helped to drive significant investment to the solar industry in California, and has been a model for many other states. Our decision today continues the NEM program and also initiates a comprehensive study of the program to allow us to evaluate the costs and benefits of NEM to participants and non-participants.”

The proposal voted on is available at

http://docs.cpuc.ca.gov/WORD_PDF/AGENDA_DECISION/167171.pdf.

For more information on the CPUC, please visit www.cpuc.ca.gov.

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