



California Public Utilities Commission
505 Van Ness Ave., San Francisco

FOR IMMEDIATE RELEASE

Media Contact: Terrie Prosper, 415.703.1366, news@cpuc.ca.gov

PRESS RELEASE

Docket #: R.20-08-020

CPUC PROPOSAL AIMS TO MODERNIZE STATE'S DECARBONIZATION INCENTIVE EFFORTS

SAN FRANCISCO, December 13, 2021 – The California Public Utilities Commission (CPUC), in ongoing actions to evolve decarbonization incentive efforts to meet the state's groundbreaking clean energy goals, today issued a proposal that would revise current Net Energy Metering (NEM) rules and create a Net Billing Tariff that balances the needs of the electric grid, the environment, and consumers. The proposal will be on the CPUC's January 27, 2022 Voting Meeting agenda.

The proposal issued today, formally called a Proposed Decision, determines that NEM must be modernized to incentivize customers to install storage paired with rooftop solar to help California meet its net peak shortfall and ensure grid reliability. The Proposed Decision adopts more accurate price signals that will promote greater adoption of customer-sited storage, which will help California decrease its dependency on fossil fuels during the early evening hours, when the sun is down and energy demand is high. The proposal also includes a bill credit for Net Billing customers to ensure customers can pay for a solar plus storage energy system in 10 years or less through electric bill savings. The bill credit is designed to phase out while helping the solar and storage market continue to grow.

The proposal also creates an Equity Fund with up to \$600 million to improve low-income customer access to distributed clean energy programs with strong consumer protections.

Today's proposal for a new Net Billing Tariff:

- Evolves the tariff to improve grid reliability and accelerate climate goals by incenting the adoption of solar paired storage systems through more accurate price signals that will provide more value to the electric grid.



- Establishes an Equity Fund with up to \$600 million to help scale up low-income access to distributed clean energy. There would be a stakeholder process to determine the allocation of funds, which could go toward upfront incentives for distributed storage, community solar in low-income and disadvantaged communities, or other low-income clean energy programs with strong consumer protections.
- Provides additional measures to incentivize distributed solar plus storage for low-income and tribal households, including an exemption from the Grid Participation Charge.
- Allows Net Billing customers to “oversize” their systems by up to 150 percent of the customer’s historical load to allow for future vehicle and appliance electrification.
- Requires Net Billing customers to take service on rates with high differentials between peak and off-peak prices, which will incent energy conservation or the use of stored solar energy during the net peak window of 6 p.m. to 9 p.m. when California needs to displace electric grid fossil fuel usage.
- Adopts a monthly residential Grid Participation Charge of \$8 per kilowatt (kW) of installed solar to capture residential adopters’ fair share of costs to maintain the grid and fund public purpose programs.
- Creates a four-year glide path for the industry through a monthly Market Transition Credit of up to \$5.25 per kW for residential solar plus storage and solar-only systems. Customers will lock this amount in for 10 years. During the four-year glide path, the credit will step down 25 percent a year for prospective customers, who will also lock in their amount for 10 years.
- Establishes a Storage Evolution Fund to provide storage rebates to existing NEM 2.0 customers who transition to the Net Billing Tariff within the next four years, so that they can add storage systems to their homes to support the grid and become more resilient to wildfires and natural disasters.
- Transitions residential NEM 1.0 and 2.0 customers (except for low-income customers) to the Net Billing Tariff after 15 years of being interconnected to the electric grid, which will incent storage adoption and reduce costs paid by other ratepayers by billions of dollars.
- Moves residential customers from annual billing to monthly billing to help customers avoid unexpectedly large annual electric bills at the end of their 12-month billing period.

Assembly Bill 327 (Perea, 2013) required the CPUC to reform the NEM program, as well as conduct rate reform and distribution planning activities. The CPUC made initial revisions to the NEM



program in 2016, resulting in what is called NEM 2.0. Today's proposal, referred to as the Net Billing Tariff, continues work to modernize NEM to meet evolving consumer and grid needs and ensure all Californians have a cleaner and more reliable grid.

The proposal is available at:

<https://docs.cpuc.ca.gov/SearchRes.aspx?docformat=ALL&docid=430903088>.

Members of the public can comment on the proposal and view documents related to the proceeding at: https://apps.cpuc.ca.gov/apex/f?p=401:56:0::NO:RP,57,RIR:P5_PROCEEDING_SELECT:R2008020.

More information on the proceeding to revisit NEM is available at www.cpuc.ca.gov/nemrevisit.

The CPUC regulates services and utilities, safeguards the environment, and assures Californians' access to safe and reliable utility infrastructure and services. For more information on the CPUC, please visit www.cpuc.ca.gov.

###

