PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA

ENERGY DIVISION **RESOLUTION E-5324**
July 11, 2024

R E S O L U T I O N

Resolution E-5324. Establishment of Pacific Gas and Electric Company, Southern California Edison Company, and San Diego Gas & Electric Company Netting Adjustment Factors for Net Billing Tariff Bill Savings Estimates.

PROPOSED OUTCOME:

- Approves Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) netting adjustment factors for Net Billing tariff (NBT) bill savings estimates.

SAFETY CONSIDERATIONS:

- There are no safety considerations associated with this resolution.

ESTIMATED COST:

- There are no costs associated with this resolution. Memorandum accounts necessary for the implementation of the net billing tariff were authorized in D.22-12-056.

By Pacific Gas and Electric Company Advice Letter 6884-E; Southern California Edison Company Advice Letter 4987-E, and San Diego Gas & Electric Company Advice Letter 4176-E, filed on March 15, 2023.

SUMMARY

This Resolution approves Pacific Gas and Electric Company (PG&E) Advice Letter (AL) 6884-E, Southern California Edison Company (SCE) AL 4987-E, and San Diego Gas & Electric Company (SDG&E) AL 4176-E, effective upon this resolution's effective date.

Decision (D.) 22-12-056 established the framework for the Net Billing tariff (NBT). Ordering Paragraph 4 of D.22-12-056 directs PG&E, SCE, and SDG&E (collectively "the utilities") to "propose adjustment factors calculated using the difference in each utility's residential stand-alone solar customers' net exports under no netting versus interval netting in the last year" in Tier 3 ALs no later than 90 days after the adoption date of the decision. The utilities timely submitted their ALs on March 15, 2023.

The advice letters are approved.

BACKGROUND

Pursuant to California Public Utilities Code Section 2827.1, Decision (D.) 22-12-056 was adopted on December 15, 2022. The decision adopted the net billing tariff (NBT) – a successor to the net energy metering successor tariff (NEM 2.0) – and directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E), collectively "the utilities," to implement the new tariff.

Under NEM 2.0, established by D.16-01-044, a customer's consumption from the electric grid (i.e., imports) and production (i.e., exports) are netted on a temporal interval basis ("temporal netting"). Bill credits for net exports are equal to the retail rate amount a customer is charged for net imports in each interval of one hour for residential customers, or 15 minutes for nonresidential customers. For example, under the design of the tariff, should a residential customer import 10 kWh in the first half of one hour and then export 9 kWh in the second half of the same hour, the customer would simply be charged for 1 kWh of consumption at the applicable time-of-use retail rate.

Under the NBT, two significant changes make the estimation of a prospective solar customer's potential bill savings more complex for solar developers. First, pursuant to Ordering Paragraph (OP) 1 of D.22-12-056, the utilities are directed to calculate imports and exports "based on no netting of consumption and production"; that is, there is to be no temporal netting. Second, per OP 1(a) and OP 1(c) of D.22-12-056, the charges paid for imports and the bill credits received for exports are no longer equal. Charges for imports are based on retail rates while bill credits for exports ("retail export compensation rates") are based on values derived from the California Public Utilities Commission's (CPUC) Avoided Cost Calculator (ACC). Using the example above in a no netting scenario, the same customer would be charged for 10 kWh at the applicable retail rate and would be credited for 9 kWh at the applicable Retail Export Compensation Rate.

All PG&E, SCE, and SDG&E customers, irrespective of their participation in NEM/NBT, have access to their hourly consumption data over the past 12 months. Per D.20-08-001, solar developers are required to overlay this consumption data with standardized solar production data to provide a reasonable bill savings estimate to residential customers. Because the exact amount of net consumption (regardless of intervals) now impacts a customer's bill, estimated bill savings are more complicated to calculate under a no netting framework. For example, when using only the customer's one-hour 12-month consumption data, some exports and an equivalent quantity of imports may be incorrectly assumed to be self-consumption.

D.22-12-056 stated that "solar savings estimates, which are imprecise by nature, could theoretically be created to reflect no netting by comparing 15-minute production estimates to 15-minute consumption data from the first meter channel. Accordingly, this decision adopts a process for establishing an adjustment factor, as discussed below, that can be used with hourly production estimates and consumption data" (D.22-12-056 at 131). Additionally, the decision stated that "the Commission recognizes the importance of providing accurate bill savings estimates to prospective customers. [...] Cal Advocates offers an adjustment to convert total annual exports from hourly to no netting. The Commission finds an adjustment factor to be useful as a proxy for no netting. Joint Utilities are directed to propose adjustment factors through a Tier 3 advice letter to be submitted no later than 90 days from the adoption of this decision and to update those adjustment factors in a Tier 1 advice letter annually thereafter. Following a Commission resolution on this Tier 3 advice letter, the adopted adjustment factor can be incorporated into the bill savings inputs and assumption requirements for developers" (D.22-12-056 at 134). OP 4 of the decision clarifies that the adjustment factor calculation shall use residential customers' data.

While the decision language compares 15-minute interval netting to no netting, the utilities correctly note[12] that at this juncture, many customers only have access to one-hour interval consumption data. Thus, in their filed Advice Letters, the utilities compare one-hour interval netting to no netting. Because this is more reflective of the real-world framework that solar developers will be operating under, this is a reasonable approach which will be more beneficial to customers.

The netting adjustment factor refers to the quantity of actual exports in a no netting scenario relative to the quantity of exports that would be expected based upon one-hour

[1] PG&E AL 6884-E at 2
[2] SCE AL 4987-E at 2

intervals. To calculate the estimated exports in a no netting scenario, the quantity of exports in a one-hour interval-based estimate would be multiplied by the netting adjustment factor and the quantity of imports would be equivalently higher in each hour. For example, if the netting adjustment factor was 105%, estimates of exports based on one-hour interval-based estimates would be 5% higher in a no netting scenario and imports would be increased by the same quantity of kilowatt-hours in each hour.

In compliance with D.22-12-056, PG&E AL 6884-E proposes a solar-only netting adjustment factor for its service territory of 105.64%. Though not required by the decision, PG&E also proposes a netting adjustment factor of 102.70% for non-residential customers. SCE AL 4987-E proposes a netting adjustment factor for its service territory of 102.51% for residential customers. SDG&E AL 4176-E proposes a netting adjustment factor for its service territory of 105.14% for residential customers.

NOTICE

Notices of PG&E AL 6884-E, SCE AL 4987-E, and SDG&E AL 4176-E were made by publication in the California Public Utilities Commission's (Commission, or CPUC) Daily Calendar. PG&E, SCE, and SDG&E state that copies of the ALs were mailed and distributed in accordance with Section 4 of General Order 96-B.

PROTESTS

There were no protests to PG&E AL 6884-E, SCE AL 4987-E, and SDG&E AL 4176-E.

DISCUSSION

The Commission has reviewed the ALs and finds their calculations on the netting adjustment factor to be accurate and in compliance with D.22-12-056 Ordering Paragraph 4. All three ALs were not protested.

COMMENTS

This is an uncontested matter in which the resolution grants the relief requested. Accordingly, pursuant to PU Code 311(g)(2), the otherwise applicable 30-day period for public review and comment is being waived.

FINDINGS

1. Ordering Paragraph 4 of Decision (D.)22-12-056 directed Pacific Gas and Electric Company (PG&E), Southern California Edison Company (SCE), and San Diego Gas & Electric Company (SDG&E) (collectively, "the utilities") to submit Tier 3 Advice Letters (AL) proposing a netting adjustment factor for Net Billing tariff bill savings estimates.

2. On March 15, 2023, the utilities timely submitted PG&E AL 6884-E, SCE AL 4987-E, and SDG&E AL 4176-E.

3. No comments or protests were received.

4. For residential solar-only customers, PG&E proposes a netting adjustment factor for its service territory of 105.64%, SCE proposes a netting adjustment factor for its service territory of 102.51%, and SDG&E proposes a netting adjustment factor for its service territory of 105.14%.

5. The methodology used by the utilities is sound and the proposed adjustment factors are accurate.

6. The advice letters comply with D.22-12-056.

THEREFORE IT IS ORDERED THAT:

1. Pacific Gas and Electric Company Advice Letter 6884-E; Southern California Edison Company Advice Letter 4987-E, and San Diego Gas & Electric Company Advice Letter 4176-E are approved.

This Resolution is effective upon approval by the Commission.

I certify that the foregoing resolution was duly introduced, passed, and adopted at a conference of the Public Utilities Commission of the State of California held on July 11, 2024; the following Commissioners voting favorably thereon:

/s/ RACHEL PETERSON
Rachel Peterson
Executive Director

ALICE REYNOLDS
President

DARCIE HOUCK
JOHN REYNOLDS
KAREN DOUGLAS
Commissioners

Commissioner Matthew Baker recused himself and did not participate in the vote of this item.