California Public Utilities Commission

CPUC Fact Sheet

Ruling – Net-Energy Metering Tariff Successor Proceeding

May 9, 2022

Proceeding (R.20-08-020) | www.cpuc.ca.gov/nemrevisit

On May 9, 2022, the presiding Administrative Law Judge overseeing the Net-Energy Metering (NEM) tariff successor proceeding issued a Ruling seeking additional input related to the December 2021 Proposed Decision that recommends adjustments to modernize the current NEM tariff (NEM 2.0 tariff). A "tariff" lays out the electric rates and other charges for a particular customer class.

The NEM 2.0 tariff allows customers to receive a financial credit on their electricity bills when their rooftop solar system sends electricity to the electric grid after first powering the electricity needs at their home.

The May 9, 2022 Ruling represents another step in the California Public Utilities Commission's (CPUC) decision-making process regarding a successor tariff to NEM 2.0. The CPUC started its process to establish a successor tariff in August 2020 with the approval of Order Instituting Rulemaking (R.) 20-08-020, which formally opened the active NEM revisit proceeding. The December 2021 Proposed Decision proposes updates to the NEM 2.0 tariff to comply with statutory requirements of Assembly Bill 327.

The questions presented in the May 9, 2022 Ruling were developed after consideration of comments from parties and evidence in the record of the proceeding. They focus on how to provide a gradual transition from the NEM 2.0 tariff to the successor tariff; how to collect public purpose charges from successor tariff customers; and community solar photovoltaic (PV) models. Specifically -

- **Gradual Transition from NEM 2.0 to the Successor Tariff**
    - The CPUC considered various party proposals to gradually transition from the NEM 2.0 tariff to the Net Billing Tariff.
    - The May 9, 2022 Ruling requests party feedback on a transition approach in the form of a fixed electric bill credit "adder" on top of the hourly export credits. Pursuant to the Ruling, parties are asked to consider a proposed adder that would be in cents per kilowatt-hour (c/kWh), which would step down over time for new customers, providing a glide path ending at Avoided Cost Calculator values.
    - The May 9, 2022 Ruling requests party feedback on how much the adder should be, and over what timeframe it should be offered to new customers.

- **Collecting Public Purpose Charges from Successor Tariff Customers**
    - Some parties have proposed that the successor tariff could bill customers for their full contribution to fund public purpose programs, such as low-income assistance and energy efficiency programs, after they switch to rooftop solar to cover some of their electricity needs.
    - The May 9, 2022 Ruling requests party feedback to gather more information about this proposal, including questions regarding which set of charges would be appropriate to include, and on which customers they should be assessed.

- **Community Solar**
    - The CPUC oversees a couple community solar PV programs including the Enhanced Community Renewables program and the Community Solar Green Tariff. The Community Solar Green Tariff provides clean energy access to low-income customers living in disadvantaged communities. Customers that participate in that program are eligible to receive a 20 percent electric bill discount.
    - The May 9, 2022 Ruling requests feedback on the advantages and disadvantages between the Community Solar Green Tariff and other community solar PV models.

Next Steps

Party comments on the May 9, 2022 Ruling are due on June 10, 2022, and reply comments are due on June 24, 2022. The public may submit comments to the Ruling at any time by visiting the proceeding's Docket Card.

Background

The CPUC regulates electric and natural gas services of the state's investor-owned utilities. In August 2020, the CPUC opened a Rulemaking to examine and approve modifications to the NEM 2.0 tariff based on current market conditions and the overall costs and benefits of the tariff. Shortly after opening the proceeding, the CPUC released a Scoping Memo in November 2020 outlining the specific areas of the tariff that would be examined and the schedule of the proceeding. The CPUC held 12 days of Evidentiary Hearings in late July and early August 2021, and parties submitted opening and reply briefs in late August and early September 2021, respectively. Between January 2020 and December 2021, the CPUC issued an evaluation of the NEM 2.0 tariff and a white paper proposing a successor tariff, adopted successor tariff principles, solicited and analyzed 18 modification proposals from parties, and held numerous public workshops.

Frequently Asked Questions related to the NEM Tariff Revisit Proceeding is available at www.cpuc.ca.gov/nemrevisit.