

VALLEY CLEAN ENERGY ALLIANCE

Staff Report – Agenda Item 15

TO: VCE Board of Directors

FROM: Mitch Sears, Interim General Manager
Jim Parks, Director of Customer Care and Marketing

SUBJECT: Net Energy Metering Policy Amendment

DATE: September 13, 2018

BACKGROUND

VCE staff learned of potential issues with the existing NEM policy and worked with the CAC, VCE Board and the public to develop recommendations to revise the policy and improve benefits to existing NEM customers. As a result, at the July 12 Board meeting, the Board approved postponing NEM enrollment to 2019 and requested staff to hold public workshops to gather public input regarding possible changes to VCE's NEM policy. In response, staff hosted two public workshops—one in Davis and one in Woodland.

UPDATE AND RECOMMENDATION

The NEM recommendations were presented at both workshops, followed by additional staff analysis and revision. The proposed NEM policy was presented to the CAC at their August 29th meeting. The CAC reviewed the proposed NEM policy and unanimously agreed to forward the proposed policy to the VCE Board with a recommendation to approve.

The new policy takes two directions: 1) Existing or legacy NEM customers that will be allowed to retain their existing annual billing cycles and true-up dates and 2) New NEM customers that will be placed on a monthly billing cycle with a February true-up date. Below is a listing of the existing NEM policy and the proposed amended policy.

EXISTING NEM POLICY

1. Initial enrollment of NEM customers shall be on a monthly basis, based on PG&E true-up date;
2. Annual true-up for all NEM customers shall be held annually in April;
3. Cash-out only for NEM customers with \$100 or more in credits. NEM customers with less than \$100 in credits will have credit balance roll over to the next billing cycle (no loss of credits);

4. Credit NEM customers monthly for excess generation at retail plus \$0.005/kWh, without additional compensation for participation in renewable programs;
5. Settle NEM customers annually at the wholesale value of net surplus generation plus a \$0.005/kWh adder.

PROPOSED NEM POLICY

1. Residential NEM customers with solar systems installed prior to June 2018 may retain their existing PG&E annual billing cycle unless their annual balance exceeds \$500.
2. Residential NEM customers with solar systems installed prior to June 2018 with annual balances exceeding \$500 will be transitioned to monthly billing with a February true-up date.
3. Residential customers with solar systems installed prior to June 2018 that have been placed on a monthly billing cycle can request to move back to an annual billing cycle if their annual bill is less than \$500 per year for a consecutive two-year period.
4. Non-residential NEM customers with solar systems installed prior to June 2018 may retain their existing PG&E annual billing cycle, unless their annual balance exceeds \$5,000.
5. Non-residential NEM customers with annual balances exceeding \$5,000 may be transitioned to monthly billing with a February true-up.
6. NEM customers may choose a monthly billing cycle with February true-up in lieu of an annual billing and true-up cycle.
7. NEM customers with solar systems installed prior to June 2018 that are on annual billing cycles will retain their current true-up month.
8. The transition from PG&E to VCE will occur on the customer's true-up date in 2019.
9. NEM customers with less than \$100 in credits will have the credit balance roll over to the next billing cycle (with no loss of credits). NEM customers with a credit balance exceeding \$100 on their annual true-up date will be cashed-out, unless they choose to roll over the balance or donate the funds.
10. NEM customers that generate excess energy on a monthly basis will receive the retail value plus a \$0.01/kWh credit for the excess generation, without additional compensation for participation in renewable programs.
11. Customers on time-of-use (TOU) rate schedules will receive a \$0.01/kWh credit for excess generation during any TOU period on a monthly basis.

12. NEM customers that generate excess energy on an annual basis will receive the wholesale value of net surplus generation, plus a \$0.01/kWh adder.
13. NEM customers may opt-out of VCE's NEM program and return to PG&E at their discretion.
14. Residential customers adding solar systems beginning June 1, 2018 will be placed on monthly billing with an annual true-up date in February.
15. Non-residential customers adding solar systems beginning June 1, 2018 may be placed on monthly billing with an annual true-up in February.

Requested Action

- Review and discuss revised NEM policy
- Approve the new NEM policy