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Governor Gavin Newsom
1303 10th Street, Suite 1173
Sacramento, CA 95814

California Public Utilities Commission
505 Van Ness Ave.
San Francisco, CA 94102

December 08, 2021

RE: MCE Supports the Sustainable and Equitable Growth of Rooftop Solar, Particularly for Low-Income and Disadvantaged Communities, via the Net Energy Metering (NEM) 3.0 Proceeding

Dear Governor Newsom and CPUC Commissioners,

As one of the largest Community Choice Aggregators (CCA) in California, Marin Clean Energy (MCE) requests your support to ensure that rooftop solar coupled with storage continues to grow sustainably, and equitably, through the existing Net Energy Metering (NEM) 3.0 proceeding.

Robust adoption of distributed energy resources (DERs), such as solar plus storage, is fundamental in the fight against climate change. Further, increased solar plus storage adoption increases resiliency for the entire grid, and has the potential to lessen the impacts of the climate crisis via reductions in greenhouse gas emissions. High DER penetration also creates green jobs to benefit our communities.

NEM allows customers to power their homes, apartments, nonprofit organizations, businesses, cities, and schools using clean solar energy by giving them a bill credit for the excess clean electricity they send to the grid. Today, the sustainable and equitable growth of rooftop solar is under question. California's investor-owned utilities (IOU) and other parties in the proceeding are proposing to make changes which would impact the financial incentives of NEM customers.

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mceCleanEnergy.org

Some studies show that historically, rooftop solar adoption has disproportionately benefited higher income, white, single-family homeowners.¹ MCE is focused on creating sustainable and equitable outcomes for our member communities. When determining the structure of the program under a NEM 3.0 framework, MCE urges you to consider those customers who have traditionally been excluded from the benefits of NEM, such as those who are lower-income and/or live in multi-unit dwellings and disadvantaged communities (DACs).

MCE is focused on getting battery storage, coupled with solar, into our communities to help with resiliency during emergency outages and PSPS events, and to improve grid health and reliability. Battery storage is especially important for medically vulnerable customers, critical facilities, and in DACs, where Public Safety Power Shutoff (PSPS) events have been an added burden. These battery solutions, coupled with solar, shift the benefits of solar to the evening, when the energy is needed most, and they reduce the need for fossil-based generation in the 4-9 pm timeframe. NEM solutions should bolster and incentivize storage to improve grid health and community resilience.

The proposed policy changes to NEM would make going solar more expensive to future customers, increase the amount of time it takes to pay off their investments and ultimately have the potential to limit the amount of rooftop solar (and solar plus storage) in California. Some of the proposed changes would also create monthly fixed fees that MCE customers could not avoid in their transmission and distribution charges to Pacific Gas & Electric (PG&E), regardless of the Net Surplus Compensation (NSC) that is provided by MCE.

In particular it is critical to consider impacts to our low-income communities like those in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) discount programs, who may wish to enroll in NEM but may be discouraged from doing so if the financial incentives are decreased too significantly.

To promote a sustainable and equitable NEM future, MCE urges a strong focus on incentivizing solar plus storage adoption (particularly among low-income customers and those living in DACs), avoiding punitive fees for installing solar, and ensuring any changes do not dissuade customers from installing battery storage. There may be a need for a modest grid-use charge for NEM customers who rely on the grid during non-solar hours, relative to their actual grid impact, to avoid cross-subsidization, but there should be no “penalty” fees for NEM customers. Any such grid-use charge should be carefully researched and developed before implementation to confirm it would not act as a disincentive to battery storage adoption.

Therefore, we oppose any CPUC proposal that imposes a penalty fee on past or future solar and solar + storage adopters. It is critical that low- and middle-income customers (including

¹ Barbose, Galen L., *et al.* Residential Solar-Adopter Income and Demographic Trends: 2021 Update. Lawrence Berkeley National Laboratory (LBNL), Berkeley, CA 2021.

homeowners and renters) as well as those living in disadvantaged communities are not discouraged from enrolling in NEM programs. Potential solutions to consider include:

- Expanding NEM benefits for residents with household incomes at or below 80 percent of the area median income, as determined by the Department of Housing and Community Development;
- Exempting low-income customers, especially those that live in High Fire Thread District (HFTD) areas or DACs, or those who have experienced multiple PSPS events from additional fixed charges.
- Providing stronger incentives for low-income customers that live in HFTD areas to install solar plus storage systems;
- Exempting low-income customers and those who live in DACs from additional fixed charges;
- Providing stronger upfront incentives for low-income customers and those who live in a DAC to install solar plus storage systems; and
- Exempting customers who install batteries from any proposed fixed charges (and providing compensation for those DERs), as their batteries provide additional grid benefits.

California has long been a model for the clean energy transition, and what happens here will inform the clean energy landscape across the United States. As we emerge from the economic and public health crises caused by COVID-19, MCE urges you to maintain the benefits of solar energy for all Californians when storage is included, ensure that rooftop solar plus battery storage continues to grow sustainably and equitably, and focus investment on the ratepayers and communities who are at the forefront of the social justice and climate crisis.

Sincerely,

A handwritten signature in blue ink that reads "Dawn Weisz". The signature is fluid and cursive, with a long, sweeping tail on the "z".

Dawn Weisz, Chief Executive Officer

Cc: Members of the California Public Utilities Commission