



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

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

RE: SDCP and SJCE Support the Sustainable Growth of the Rooftop Solar Industry via the Net Energy Metering (NEM) 3.0 Proceeding

Dear Governor Newsom and CPUC Commissioners,

As two of the largest Community Choice Aggregators (CCA) in California, San Diego Community Power (SDCP) and San José Clean Energy (SJCE) request your support to protect rooftop solar, ensure that it continues to grow sustainably through the existing Net Energy Metering (NEM) 3.0 proceeding, maintain the existing structure for current NEM customers, and have it available for future customers in our Disadvantaged Communities (DACs) as well as Communities of Concern.

California has suffered the devastating effects of the accelerating climate crisis in the past year with wildfires displacing hundreds of thousands of people and producing some of the worst air quality in state's history. SDCP and SJCE believe that rooftop solar is a key solution to fighting climate change as the jurisdictions that formed the two CCAs did so with a vision of procuring more renewable energy to combat climate change, including distributed energy resources, such as local rooftop solar and storage. California has long been a leader in adopting solar energy with over a million residents generating their own renewable energy onsite, creating more than 75,000 jobs, and helping contribute billions of dollars of economic benefit to the state through the existing NEM structure.

Net Energy Metering 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 growth of the industry is under question. California's investor-owned utilities (IOU) and other parties in the proceeding are proposing to make changes via the proceeding which would impact the financial incentives existing NEM customers have enjoyed. The proposed changes 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 seriously harm the rooftop solar industry in California. The proposed changes would also create monthly fixed fees that SDCP and SJCE customers could not avoid on the IOU side of the bill, regardless of the Net Surplus Compensation (NSC) that is provided by both CCAs.

As SDCP and SJCE work to provide competitive rates and cleaner energy, we acknowledge that reaching our respective renewable energy goals requires a diverse portfolio of resources, including rooftop solar. Ensuring the sustainable growth of the rooftop solar industry through a supportive NEM 3.0 outcome is in line with the increase of renewables needed to meet the state's Senate Bill (SB) 100 goal of 100 percent clean energy by 2045. Doing so has the potential to reduce greenhouse gas emissions and create thousands of green jobs that can benefit our DACs.

In prioritizing an equitable and survivable future, the NEM 3.0 tariff should continue the sustainable growth of the industry, which helps increase grid resiliency and lessen the impacts of the climate crisis such as the frequency of wildfires. Particularly, it is important to consider potential impacts to our low-income communities like those on the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) rates, who may wish to enroll in NEM but may be discouraged from doing so if the financial incentives are decreased. Expanding NEM benefits to residents on 80 percent of the area median income would also help in these efforts.

As such, drastic changes to the NEM program by the CPUC has the potential to negatively impact the financial incentives customers have enjoyed, and what future customers could have enjoyed as well. California has long been a model on the clean energy transition, and what happens here will shape the clean energy landscape across the United States. Lastly, as we emerge from the economic and public health crises caused by COVID-19, we urge you to maintain the benefits of solar energy for all Californians, ensure that the industry continues to grow sustainably from the NEM 3.0 proceeding, and invest in DACs and particularly Communities of Concern who are at the forefront of the climate crisis.

Sincerely,

Bill Carnahan

Bill Carnahan,
Interim CEO of SDCP

A handwritten signature in blue ink, appearing to read "Lori Mitchell". The signature is fluid and cursive, with the first name "Lori" being more legible than the last name "Mitchell".

Lori Mitchell,
Director of SJCE