

# California's New Solar Billing Program



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## Why are changes being made to solar billing?

**The California Public Utilities Commission (CPUC) is responsible for ensuring that the rates and programs PG&E and other utilities offer are fair and consistent with state policies to promote renewable energy.**

The CPUC's programs to promote rooftop solar adoption have helped Californians install over a million solar systems statewide. This and other efforts have moved California closer to meeting our state's target of 100% renewable energy by 2045.

For over a year, the CPUC has been engaged in a public regulatory proceeding (per requirements of state law) to consider updates to California's 25-year-old rooftop solar **Net Energy Metering (NEM)** program. As a result of this process, the CPUC has determined that changes need to be made to solar billing.

Many parties, including consumer advocates, environmental groups, solar industry stakeholders, and California's three largest utilities, submitted proposals to the CPUC for how solar billing should be changed in California. The CPUC considered these proposals, in addition to an evaluation by an independent consultant, to determine a path forward, a new Solar Billing Plan.

[For more information about the CPUC's public proceeding >>](#)

## What are the drivers for this change?

**The California Public Utilities Commission determined that modification of the program is needed because:**

- The current solar billing structure doesn't encourage storage adoption, which is critical to **achieving California's 2045 renewable goals**. With storage, solar customers can use their solar power after sunset. **This reduces the need for fossil-fuel plants to meet peak power needs**, which occur in the evenings when solar systems are not producing and demand on the grid is highest.
- When the original solar program (NEM) was launched 25 years ago, significant incentives were offered to encourage early adoption as a way to help offset the high cost of going solar. Despite the cost to install **rooftop solar having decreased by 70% over the last 20 years**, the high incentives to encourage adoption have not significantly changed. The updated solar program aims to continue to help customers enjoy bill savings while also aligning the incentives to reflect today's market pricing.

The new Solar Billing Plan will pay solar customers for the solar power they produce, while enabling investments in other critical clean energy technology, like electric vehicle charging, that support California's overall decarbonization efforts.

[For more information on why the CPUC has made these changes, please visit CPUC Fact Sheet >>](#)

## When will the changes go into effect for new solar customers?

New solar customers who apply to interconnect their solar system to the electric grid after **April 14, 2023** will be enrolled on the new Solar Billing Plan approved by the CPUC. However, they will be temporarily billed on the existing Net Energy Metering 2.0 tariff until the Solar Billing Plan is enabled in PG&E's billing system, which is expected to occur by April 2024 for customers on residential rates and June 2024 for customers on business rates.

## What do I have to do to participate in the existing solar program (NEM2) rather than the new Solar Billing Plan?

**By April 14, 2023**, your contractor must submit an interconnection application to PG&E through PG&E's [Interconnection Portal](#).

The NEM2 program will be closed to new applicants starting April 15, 2023\*. After, new customers will be interconnected under the new solar program—Solar Billing Plan. **To qualify for NEM2 please submit the following by 11:59 p.m. on April 14, 2023** through PG&E's [Interconnection Portal](#):

- Completed application, free of major deficiencies (e.g. no blanks, incomplete/inaccurate documents, changes requiring resubmission per [Rule 21](#))
- A single-line diagram (a simplified representation of an electrical system)
- Final inspection clearance must be submitted before April 15, 2026 to retain NEM2 eligibility

### Additional requirements for projects:

- Signed California State License Board (CLSB) Disclosure
- Solar Consumer Protection Guide
- Agreement and Authorization forms

**Talk with your contractor to understand what must be included in your application to qualify for NEM2.**

\*[NEM2 Aggregation](#) and [Virtual NEM2](#) programs will remain open until February 15, 2024.

### **What happens if I have a solar application in progress but it is not completed by April 14, 2023?**

If an application is in progress with PG&E for approval to connect to the grid (Rule 21), but is not fully completed by April 14, the application will be canceled (excluding NEM Aggregation, Virtual NEM and ZNE generation applications). The customer's contractor will need to resubmit the application under the Solar Billing Plan and it will be reviewed by PG&E for approval once the application is completed.

### **Does the new Solar Billing Plan impact existing solar customers?**

**No. Existing solar customers that were approved to turn on their solar system by April 14, 2023 are not impacted by this new program, unless they are:**

- Existing solar customers who modify and/or repair their Renewable Generator and increase the generation capacity by 1kW or 10% of their current system size. They will be transitioned to the Solar Billing Plan at their annual True-Up once the new billing system becomes operational, which is expected in April 2024 for customers on residential rates and June 2024 for customers on business rates.
- Customer's whose 20 year NEM legacy period ends on their original NEM program will be transitioned to the Solar Billing Plan at their annual True-Up once the new billing system becomes operational, which is expected in April 2024 for customers on residential rates and June 2024 for customers on business rates. Customers on NEM1 who transitioned to NEM2 at the end of their legacy period are not permitted to receive an additional 20 years on NEM2.

### **Does the Solar Billing Plan only cover customers with rooftop solar?**

**No.** While the majority of customers on the Solar Billing Plan will have adopted rooftop solar, the new plan also includes other renewable technologies such as wind and fuel cells.

### **If I move into a house or business that interconnected under one of the Net Energy Metering (NEM) programs, am I able to inherit the legacy status?**

**Yes.** The 20 year NEM legacy program rules are tied to the system, not the owner. For example, if the original owner has spent 15 of the last 20 years on the NEM program, you will inherit the remaining five years on the original program.

## Under the Solar Billing Plan: How will I be charged for imported energy from the grid?

When your home or business is using more energy than your solar system is producing, for example, at night or when your energy needs exceed solar generation—you will pay for electricity at the retail rate just as any other customer would. Most residential customers will be enrolled on PG&E's Electric Home (E-ELEC) rate plan in December 2024. This rate has a \$15 Base Services Charge. Business customers will be allowed to take service on any Time-of-Use rate that they are eligible for.

For more information on the [E-ELEC rate](#) >>

## Under the Solar Billing Plan: How are credits for solar exports determined?

When your solar system is producing more than your home or business needs, excess electricity is exported to the electric grid. **You will receive an Energy Export Credit** for this electricity that reflects the value the power provides to the grid at a given time. The level of the credit will vary by time of day, day of the week and season, much as [Time-of-Use](#) rates vary to reflect when power is more expensive. If you connect your solar system by 2027, the value of your credits is predetermined and set for nine years. If you connect your system after 2027, the credit values are updated every two years to reflect the most current energy prices. Customers with predetermined values can choose to update their credit values to current values if they'd like.

The export credit rates are determined through a public proceeding managed by the CPUC. At this time, the export rate **ranges from two cents to over two dollars per kWh** depending on the month and time of day.

For a complete list of export rates, please see [Energy Export Credit](#) >>

For more information on how these values are determined, please see [CPUC Avoided Costs](#) >>

## What is the Energy Export Bonus Credit?

To encourage early adoption into the new Solar Billing Plan, residential solar customers who add a solar system from **2023 to 2027** will receive an added credit for excess energy exported to the grid. **The value of this credit is dependent on how much kW you export to the grid, assuming a non-low income customer in 2023 sends 200kWh to the grid in a month, the value would be approximately \$9.00.** The value will decrease by 20% every year until it reaches \$0.00 in 2028 when the credit is due to sunset. Residential customers will receive an Energy Export Bonus Credit, however customers who are enrolled in the California Alternate Rates for Energy (CARE) and Family Electric Rate Assistance (FERA) programs or reside in a disadvantaged community or Indian Country will receive a higher credit value. Below is the table of values for this credit based on customer type.

	Residential \$/kWh	Low Income \$/kWh
2023	\$0.022	\$0.090
2024	\$0.018	\$0.072
2025	\$0.013	\$0.054
2026	\$0.009	\$0.036
2027	\$0.004	\$0.018

[Check if you are CARE/FERA eligible >>](#)

## Are there any residential customer groups that are not eligible to receive the Energy Export Bonus Credit?

**Yes.** The objective of the credit is to incent new solar adoption to support sustainable growth of the solar energy. Therefore, the following customers are not eligible: Any customer who was transitioned to the Solar Billing Plan due to an expired legacy period on NEM, customers who were required to install solar due to California building code laws, or customers who purchased a building with an existing solar system.

## Will changing solar billing hinder California's clean energy goals?

The CPUC is committed to meeting California's climate and clean energy goals. **As of 2021, over 90% of the electricity PG&E delivers to its customers comes from sources that do not emit greenhouse gasses<sup>1</sup> and the State has set a target of 100% renewable energy by 2045.** Customers' solar and storage systems have and will play an important role in meeting this goal.

Our state has successfully incorporated significant large and small scale solar and other renewables into our electric system. Due to these changes, California's power grid is increasingly flooded by solar energy during the afternoon, but is then strained in the evenings by high power demand.

As solar power declines when the sun goes down in the evenings, the state must rely on fossil fuels to meet evening demand and ensure grid reliability. During this time, the greenhouse-gas emissions from electricity are highest. **The new Solar Billing Plan incentivizes battery storage. Adding storage to solar can enable customers to use more of their solar in the evenings and greatly improve the climate benefits their solar systems are providing.**

### Coming in mid-2024

Additional incentives will be available for customers to install storage with solar to help our state meet climate and resiliency goals.

<sup>1</sup> This is the sum of Eligible Renewable, Hydro and Nuclear from PG&E's 2020 power content label available here: <https://www.energy.ca.gov/filebrowser/download/3882>