



The question is no longer whether power in California will be clean, but how much it will cost customers.

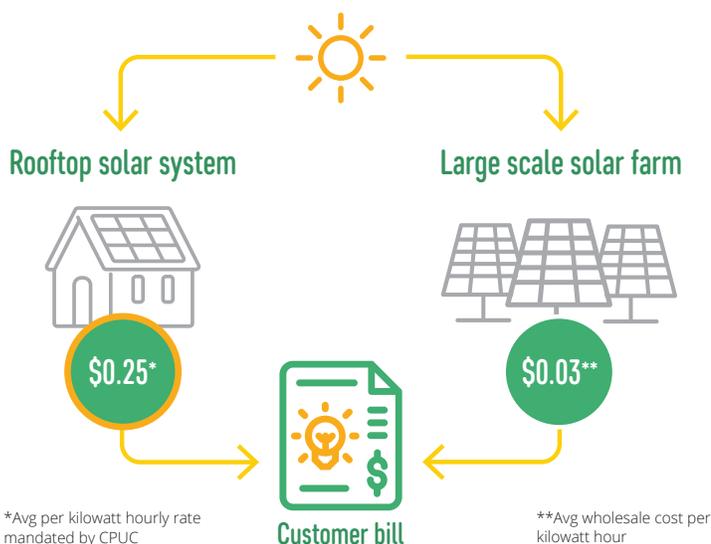
It's time to update California's rooftop solar program to:

- Reflect today's reduced cost of clean energy
- Ensure everyone who uses the electric grid pays their fair share
- Stop unnecessary bill increases on customers without solar, many of whom are low-income
- Ensure the state achieves greenhouse gas reduction and clean energy objectives in the most cost-effective manner possible

1995 Program Out of Step with Current Environmental and Energy Policy Goals

The California Public Utilities Commission (CPUC) is considering changes to the state's solar rooftop program, Net Energy Metering (NEM), established in 1995 to incentivize Californians to install solar panels on their homes. The goal of NEM when launched was to jumpstart solar rooftop technologies, drive costs down and contribute to the growth of renewable power in the state. It worked! **While the original goal of the program, when enacted in 1995, was 10,000 home-based systems, today there are over 1 million.** Nearly 50% of all power used in the state is from clean, renewable sources (15% of that is from rooftop solar). Most significant, new state laws require all electricity sold in California be carbon-neutral by 2045 and that many newly constructed homes include solar rooftop panels.

State mandated credit paid for excess power generated by rooftop systems is eight times higher than what the same solar power would cost from other sources.



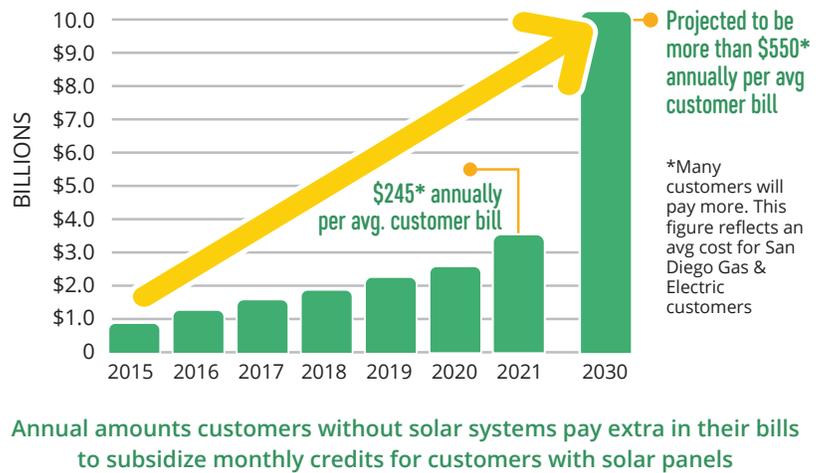
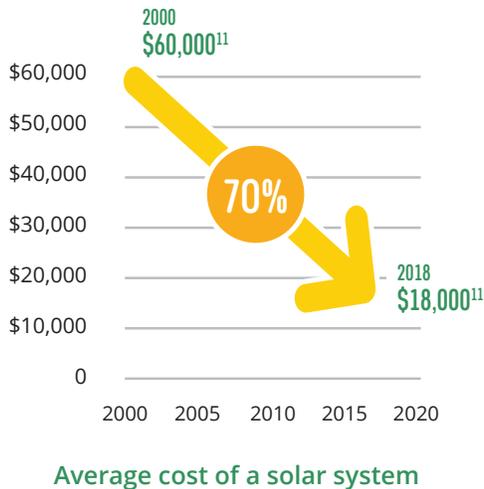
*Avg per kilowatt hourly rate mandated by CPUC

**Avg wholesale cost per kilowatt hour

● Cost of Solar Technology Has Fallen 70%, But NEM Subsidies for Rooftop Systems Continue to Increase

Under NEM, customers with rooftop solar receive a credit on their electric bills when their system generates more power than they need, and that power is sent back to the grid. The goal was to establish a credit generous enough to help pay off their systems over a reasonable period. The credit was set to mirror what customers pay for that same amount of power on their bills. While the cost of solar technology has fallen more than 70% since the program began 25 years ago, the NEM subsidy paid by customers without solar continues to increase.

Cost of Solar Technology Has Fallen 70%, But NEM Subsidies for Rooftop Systems Continue to Increase



● Current NEM Structure Results in Higher Electric Bills for Millions of Electricity Customers Including Those Least Able to Pay

Electricity customers without solar systems pay \$3.4 billion more annually in their bills (or as much as \$245 per customer each year) to make up for the costs of the grid that customers with solar use, **but do not pay for**. In fact, the annual NEM subsidy is now more than twice the amount of the California Affordable Rates for Electricity (CARE) program that helps low-income customers pay their bills. Yet the NEM subsidy benefits 1.1 million customers compared to the 2.8 million low-income customers that receive CARE assistance. That \$3.4 billion annual NEM subsidy will continue to increase each year as more customers install solar and fewer and fewer customers are paying to maintain the grid and to fund state mandated public policy programs such as energy efficiency and CARE.

● A Reliable, Resilient Electric Grid is More Critical Than Ever, But Current NEM Structure Means Solar Customers Don't Contribute Their Fair Share

Rooftop solar customers send excess power they generate back to the grid during the day, but depend on the grid to draw electricity when the sun is not shining. Because of the high credit they receive on their bills for their excess generation, **solar customers don't pay their fair share for use of the grid or for state mandated public policy programs that support energy efficiency or low-income customers**. Other customers end up paying what NEM customers avoid, and this creates an unfair cost burden on customers who don't have solar including most low-income customers.

● Wealthier Californians are More Likely to Install Rooftop Solar and Benefit from the NEM Subsidy

Unlike energy efficiency programs that benefit all Californians, NEM benefits are highly concentrated among a subset of the population that are almost exclusively homeowners and tend to be, on average, higher income than the rest of California. **The fact that comparatively well-off homeowners benefit from greater energy subsidies than low-income customers reinforces the need for reform.**



ABOUT 70% OF CALIFORNIA SOLAR ADOPTERS ARE IN THE WEALTHIEST 40% OF SOCIETY AND ONLY 30% ARE IN THE BOTTOM 60%.

Lawrence Berkeley National Lab "Income Trends among U.S. Residential Rooftop Solar Adopters," 2020