CPUC INFORMATION SHEET

Proposed Decision on Consumer Protections for Solar Customers, Multitenant and Multi-Property Solar Programs, and Implementation of Greenhouse Gas Standards for Fuel Cells

Update Nov. 13, 2023

Overview

The CPUC has issued a revised Proposed Decision (PD) aimed at modernizing regulations and incentives for consumers using rooftop solar and storage. This PD, which builds upon the net billing tariff adopted in December 2022, introduces a similar incentive framework for specific customer groups interested in installing solar or solar paired with battery storage on their properties.

To promote grid reliability and control costs for all customers, this PD introduces a successor net energy metering tariff for multi-tenant residential and non-residential properties. It also establishes a successor sub tariff for customers who own, lease, or rent contiguous properties. Furthermore, this decision strengthens consumer protections for solar customers, specifies objectives for a solar tariffs evaluation study, clarifies rules for fuel cell systems, and implements a new law that mandates fair wage requirements for construction workers on certain solar and storage projects.

This PD addresses the remaining six issues in this proceeding, concludes the review of net energy metering tariffs, and marks the closure of this proceeding. The proposal is on the CPUC's November 2, 2023, Voting Meeting agenda. Members of the public can comment on the proposal via the Docket Card for the proceeding here. For more information, please see cpuc.ca.gov/nemrevisit.

Background

In December 2022, the CPUC adopted a decision that modernized incentives for rooftop solar and storage for single-family households and commercial customers. The decision is designed to bolster grid reliability, reduce greenhouse gas emissions, encourage electrification, ensure the sustainable growth of the solar industry, protect consumers, and manage costs for all ratepayers.

In a Proposed Decision issued on Aug. 2, 2023, and revised on Nov. 9, 2023, and further revised on Nov. 13, 2023, the CPUC is recommending a similar modernization for two other types of rooftop solar and storage customers: multitenant properties and customers with adjacent properties. These changes will only apply to future customers.

The Nov. 9 revised Proposed Decision adds an additional benefit for residential customers residing in multitenant properties who opt for the new tariff by providing netting of energy generation and consumption, mirroring the benefit for single-family households enrolled in the Net Billing Tariff.

This proposal also strengthens solar consumer protections. It introduces improved oversight of the marketplace, enhancing transparency for consumers regarding the performance of solar providers. Additionally, the proposal establishes an evaluation process for the new tariffs, clarifies rules pertaining to fuel cell systems (NEMFC), and implements a new law that mandates fair wage requirements for construction workers involved in specific solar and storage projects.

Modernizing Onsite Renewable Generation for Multi-tenant Properties

- The proposal modifies CPUC rules for multitenant properties installing renewable energy generation through the creation of the virtual net billing tariff (VNBT), which applies to future customers only. The VNBT will improve price signals to encourage multitenant property owners to install battery storage together with their solar systems to support grid reliability.
- The revisions to the Proposed Decision modify the proposed VNBT to permit residential customers to receive bill benefits from netting of energy generation and consumption, referred to as onsite netting. With this change, the tariff provides the same opportunity for renters in multifamily buildings to benefit financially from onsite solar and storage as single-family homeowners that install rooftop solar and storage.
- Under VNBT, tenants and property owners receive electricity bill credits for the value the renewable system provides to the grid. The amount of the credit is based on the hour of the day that the energy is sent to the grid. By storing solar energy when it is readily available during the day, customers with battery storage can send it back to the grid when it is most needed in the hours when the sun is setting.
- Each electrical utility collects funds from all customers in its territory to pay the bill credits for each participating tenant and the property owner. Participating customers receive a proportion (%) of the monthly generation; non-residential customers receive their portion of the generation compensation in a bill credit only ($) and residential customers receive their portion of generation which first reduce their energy imports (kWh) and may add bill credits ($) for any net generation compensation.
- To support a gradual transition to the new tariff, residential multitenant properties receive a monetary adder for nine years on top of the standard energy compensation rate for net generation. The adder is available to new customers for five years and steps down incrementally over that period.
- Existing low-income multifamily VNEM tariffs related to the CPUC's Solar On Multifamily Affordable Housing (SOMAH) Program and Multifamily Affordable Solar Housing (MASH) Program are maintained and slightly modified to improve customer experience and encourage storage.

Modernizing Onsite Renewable Generation for Customers with Multiple Properties, Including Agricultural Customers, Schools, and Nonprofits

- The proposal establishes a new net billing aggregation subtariff to replace the current NEMA tariff for future customers.
- Like NEMA, the new aggregation subtariff allows customers to spread bill credits for solar and storage generation across multiple bills to offset electricity bill charges for multiple contiguous properties. These credits, as in the Net Billing Tariff and VNBT, are now based on the hour of the day that the energy is sent to the grid.

- To support a gradual transition to the new tariff, new customers with multiple properties receive a monetary adder for nine years on top of the standard energy compensation. The adder is available to new customers for five years and steps down incrementally over that period.

NEM Fuel Cell

- The proposal clarifies rules for fuel cell systems that started operating after the effective date of Assembly Bill (AB) 1637, which requires fuel cells on the NEM fuel cell tariff to comply with California Air Resources Board greenhouse gas emission standards.
- The proposal also clarifies rules around reporting requirements, verification and penalties, renewable fuel blending, and ongoing energy compensation.

Enhancing Protections for Solar Customers

- The proposal reforms the CPUC's Public Watch List of Non-Compliant Solar Providers process to improve consumer protections and better deter solar providers from violating consumer protection- related laws and regulations.
- The proposal requires audits of solar provider interconnection applications, conducted by Pacific Gas and Electric Company (PG&E), Southern California Edison (SCE), and San Diego Gas & Electric (SDG&E). The audits will consist of 100 randomly selected interconnection applications every six months to identify non-compliant providers.
- Non-compliant solar providers will remain on the Public Watch List for three months for CPUC violations and six months for Contractors State License Board and/or Department of Financial Protection and Innovation violations.
- To further enhance consumer protections, the CPUC will develop and issue revised requirements for bill savings estimates presented by solar providers to potential solar customers to reflect recent changes to tariffs.

Prevailing Wages for Solar Workers

- Learn more about the prevailing wage mandate in AB 2143 and Public Utilities Code 769.2. The code requires prevailing wage for all construction workers and apprentices installing certain large solar projects. The statutory requirement does not apply to residential facilities with 15 kW or less of capacity, single-family homes, public works, modular homes, modular home communities, or multifamily housing with two or fewer stories.
- The proposal supports AB 2143, as it relates to tariff access, by requiring proof of payment of prevailing wages at the time of interconnection for qualified large solar projects. The proposal amends the interconnection process to include review of whether a project needs to comply with the wage rule. It also requires contractors to disclose the wage rule to the utility customer.

- As required by AB 2143, upon a finding of a willful violation, violators' facilities (where the violation occurred) lose access to NEM or the Net Billing Tariff (NBT). The decision adds that starting January 1, 2025, contractors of facilities with confirmed violations will no longer be able to submit future facilities for interconnection.

Evaluation of the Net Billing Tariff

- The proposal authorizes a $2.5 million budget for an evaluation of NBT, VNBT, and the aggregation subtariff effects on equity, greenhouse gas emissions, electrification, the electric grid, and installation trends; as well as of solar consumer protection measures.
- The evaluation will utilize three years of data, and the evaluation is expected to be released within five years of NBT implementation.