



Office of the Mayor

CONSENT CALENDAR
July 11, 2023

To: Honorable Members of the City Council

From: Mayor Jesse Arreguín and Councilmember Sophie Hahn

Subject: Support Rooftop Solar and Battery Storage for Multifamily Housing and Schools

RECOMMENDATION

Adopt a Resolution in support of viable Virtual Net Energy Metering (VNEM) and Net Energy Metering Aggregation (NEM-A) tariffs. Submit a copy of the Resolution to Governor Gavin Newsom, State Senator Nancy Skinner, Assemblymember Buffy Wicks, and members of the California Public Utilities Commission Board (CPUC).

BACKGROUND

Customers who install small solar, wind, biogas, and fuel cell generation facilities to serve all or a portion of onsite electricity needs are eligible for the state's Net Energy Metering (NEM) program. NEM allows customers who generate their own energy to serve their energy needs directly onsite and to receive a financial credit on their electric bills for any surplus energy fed back to their utility.

The current NEM program was adopted by the California Public Utilities Commission (CPUC) in Decision (D.)16-01-044 on January 28, 2016. The program provides customer-generators rate credits for energy exported to the grid and requires them to pay charges that align NEM customer costs more closely with non-NEM customer costs. NEM is designed to support the installation of customer-sited renewable energy generation.

In December 2022, the CPUC issued a final decision updating the current NEM structure.¹ The new rulemaking is referred to as NEM 3.0 because this is the third iteration of the NEM program.

The following elements, which were opposed by the City Council, were approved, at the December 2022 meeting:

- Most residential NEM solar consumers who apply for a NEM interconnection after April 14, 2023, experience an average 75% reduction in the credit they receive for sharing their extra energy with the grid – from an average of \$.30/kilowatt-hours (kWh) to about \$.08/kWh.

¹ <https://docs.cpuc.ca.gov/PublishedDocs/Published/G000/M500/K043/500043682.PDF>

- Churches, nonprofits, or businesses who go solar after April 14, 2023, realize an even greater reduction in the solar credit.²

Despite this vastly reduced credit value for energy exported to the electric grid compared to the previous NEM tariff, the CPUC decision still allows customers to buy less energy from the utilities when they use their generated or stored energy on-site in real time. The Commission is now considering changes to net energy metering rules for multi-meter properties, which would impact multi-family tenants and cooperative residents through the VNEM program as well as schools and farms through the NEM-A program.³

Recent proposals made by investor-owned utilities would deny multi-meter properties the ability to buy less power from the utilities when they consume power directly from on-site solar, which would force tenants, schools, and farms to buy all of their power from the utility even when it is generated on their own rooftop or field⁴ – a patently absurd and unfair proposal as it would allow customers with only one electric meter to distinguish between on-site usage and exports while not allowing customers with multiple meters to do the same.

This and other proposals that seek to curtail rather than expand the ability for multifamily tenants and cooperative residents, schools, and farmers to benefit from bill savings through locally generated renewable energy violate the following principles expressed by the City Council in 2021⁵ and 2022,⁶ respectively:

- Protecting and expanding rooftop solar via a strong succeeding NEM tariff and expanding clean energy access by making it easier, not harder, for people to adopt rooftop solar and energy storage in order to meet California's ambitious clean energy targets and deploy solar in all communities and households, particularly those struggling to pay for electricity; and
- Expressing its support for the items as stated above, including urging the CPUC to:
 - (i) strengthen NEM to expand access to all households, particularly of low-and-moderate income;
 - (ii) expand access to other clean energy technologies that pair with solar, such as batteries;
 - (iii) ensure that the solar installations continue to grow in order to meet State and City climate goals; and

² <https://solarrights.org/update-state-officials-release-new-rooftop-solar-proposal/>

³ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M502/K977/502977211.PDF>

⁴ <https://docs.cpuc.ca.gov/PublishedDocs/Efile/G000/M502/K757/502757134.PDF>

⁵ <https://berkeleyca.gov/sites/default/files/documents/2021-10-26%20Item%2027%20Support%20Net%20Energy%20Metering.pdf>

⁶ <https://berkeleyca.gov/sites/default/files/2022-04/2022-01-18%20Item%2021%20OPPOSE%20Net%20Energy%20Metering.pdf>

- (iv) exclude provisions set forth in the IOU Proposal such as high monthly fixed fees and reducing or eliminating credits for sharing electricity with the power grid.

On the contrary, should the CPUC adopt a successor VNEM tariff that is robust and incentivizes the growth of the VNEM program, the benefits to the tenants in multifamily buildings would be immense and immediate – not just through their realization of up to \$50 in savings on their monthly utility bills⁷, but in building climate resilience. A recent storm-induced power outage by Pacific Gas and Electric left much of Berkeley without power for nearly an entire day,⁸ and having solar with backup batteries would go a long way to ensure reliability. Moreover, with solar installed on the rooftops of multifamily buildings, property owners could then upgrade their buildings to efficient and clean heating, water heating, and cooking infrastructure run by electric power rather than natural gas, the price of which tends to be volatile as it depends on various global events over which we have no control in Berkeley. Similarly, the adoption of a robust successor NEM-A tariff would ensure that budget-challenged school and community college districts across the state would be able to realize savings to their utility bills through the generation of rooftop solar on their own buildings.

FINANCIAL IMPLICATIONS

None

ENVIRONMENTAL SUSTAINABILITY

No direct identifiable environmental sustainability savings are associated with this item. However, the outcome of this rulemaking is likely to determine the extent to which rooftop-scale solar and storage in the City of Berkeley is deployed in multifamily housing and schools, which could positively or negatively impact a key strategy in the realization of Berkeley’s Climate Action and resiliency goals.

CONTACT PERSON

Mayor Jesse Arreguín 510-981-7100

Attachments:

- 1: Resolution

⁷ <https://calsomah.org/tenant-benefits>

⁸ <https://www.berkeleyscanner.com/2023/03/22/disaster-preparedness/berkeley-storm-power-outage-downed-trees/>

RESOLUTION NO. ##,###-N.S.

IN SUPPORT OF NET ENERGY METERING FOR MULTI-FAMILY HOUSING AND SCHOOLS

WHEREAS, Net Energy Metering (NEM) is designed to support the installation of customer-sited renewable energy generation; and

WHEREAS, NEM allows customers to receive bill credits for power generated by their solar system and shared with the power grid and ultimately save money on their utility bills; and

WHEREAS, NEM is what has allowed solar to become increasingly accessible to low- and moderate-income households; and

WHEREAS, in 2020 the California Public Utilities Commission (CPUC) launched a formal proceeding to update the current NEM structure as NEM 3.0, and a number of parties have submitted their proposal for what they believe NEM 3.0 should look like; and

WHEREAS in December 2022, the CPUC issued a final decision updating the current NEM structure; and

WHEREAS, the following elements, which were opposed by the City Council, were approved, at the December 2022 meeting:

- Most residential NEM solar consumers who apply for a NEM interconnection after April 14, 2023, experience an average 75% reduction in the credit they receive for sharing their extra energy with the grid – from an average of \$.30/kilowatt-hours (kWh) to about \$.08/kWh.
- Churches, nonprofits, or businesses who go solar after April 14, 2023, realize an even greater reduction in the solar credit; and

WHEREAS, despite this vastly reduced credit value for energy exported to the electric grid compared to the previous NEM tariff, the CPUC decision still allows customers to buy less energy from the utilities when they use their generated or stored energy on-site in real time; and

WHEREAS, the Commission is now considering changes to net energy metering rules for multi-meter properties, which would impact multi-family tenants and cooperative residents as well as schools and farms; and

WHEREAS, recent proposals made by investor-owned utilities would deny multi-meter properties the ability to buy less power from the utilities when they consume power directly from on-site solar, which would force tenants, schools, and farms to buy all of their power from the utility even when it is generated on their own rooftop or field – a patently absurd and unfair proposal as it would allow customers with only one electric meter to distinguish between on-site usage and exports while not allowing customers with multiple meters to do the same; and

WHEREAS, this and other proposals that seek to curtail rather than expand the ability for multifamily tenants and cooperative residents, schools, and farmers to benefit from bill savings through locally generated renewable energy violate the following principles expressed by the City Council in 2021 and 2022, respectively; and

WHEREAS, should the CPUC adopt a successor NEM tariff that is robust and incentivizes the growth of the rooftop solar and battery storage in multifamily housing and schools, the benefits would be immense and immediate – not just through the realization of up to \$50 in savings by tenants on their monthly utility bills⁹ and commensurate savings to school districts, but in building climate resilience; and

WHEREAS, protecting rooftop solar and expanding access to rooftop solar in communities of concern will help California as well as our own city to move toward 100 percent clean energy, lessen the impacts of the climate crisis, and reduce climate injustices from dirty energy; and

WHEREAS, we are in a climate crisis and need to make the transition to clean energy more accessible, not less

NOW THEREFORE, BE IT RESOLVED by the Council of the City of Berkeley that it urges the California Public Utilities Commission and Governor to reject any proposals that seek to frustrate or dismantle the ability of multifamily tenants and schools to avail themselves of the benefits of local, renewable, and affordable energy through rooftop solar and battery storage;

BE IT FURTHER RESOLVED that the Council of the City of Berkeley calls on the California Public Utilities Commission to instead approve a net energy metering tariff for multifamily housing and schools that includes full credits and savings for multifamily tenants and schools from customer-generated energy (full “property netting”) as well as a gradual transition toward lower export rates to ensure a reasonable glidepath for the customer solar market;

⁹ <https://calsomah.org/tenant-benefits>

[Title of Report]

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BE IT FURTHER RESOLVED that that copies of this Resolution shall be sent to Governor Gavin Newsom, State Senator Nancy Skinner, Assemblymember Buffy Wicks, and members of the California Public Utilities Commission Board.