



SOLAR INFORMATION

Residents and businesses who install solar PV panels are usually just a bit ahead of the curve, willing to make a financial investment to secure completely renewable, more affordable electricity. That's one reason we were severely disappointed by the California Public Utilities Commission's (CPUC) recent decision, resulting in VCE's need to postpone enrollment of existing PG&E Net Energy Metering (NEM) customers. The VCE Board of Directors approved the decision at its November 15, 2018 Special meeting.

To read our News Release on this topic click [here](#), or go to valleycleanenergy.org/news-resources



REASONS FOR THE CHANGE

What was the CPUC decision?

The decision by the CPUC increases the "exit fee" charged by PG&E to all Community Choice Energy (CCE) program customers. Known as the Power Charge Indifference Adjustment or PCIA, this fee compensates the utility for costs it incurred in the past to build and maintain electricity generation plants or to purchase energy contracts. The CPUC ruled that it was unfair to the remaining bundled customers to shoulder a greater portion of these costs, so PG&E has increased the amount that all CCE customers pay.

How does the change impact VCE?

The change in PCIA will increase VCE's 2019 expenses by \$3.5 million. This additional expense is just one of the recent changes affecting our budget.

Planning energy usage and costs

VCE must ensure that the load profile of purchased power matches the time of day that energy is used by customers; this is called Resource Adequacy, or RA. Regulatory agencies require that utilities must procure adequate resources to match the profile they assign, even if it's far higher than actual use expectations. Due to the load profile recently applied by regulatory agencies to VCE service territory, our RA costs are going up by \$1.25 million in 2019.

The cost of purchased power is also expected to increase by approximately \$800,000 in 2019, adding an additional burden to the budget. Taken as a whole, these additional costs have a significant impact on VCE's financial obligations.

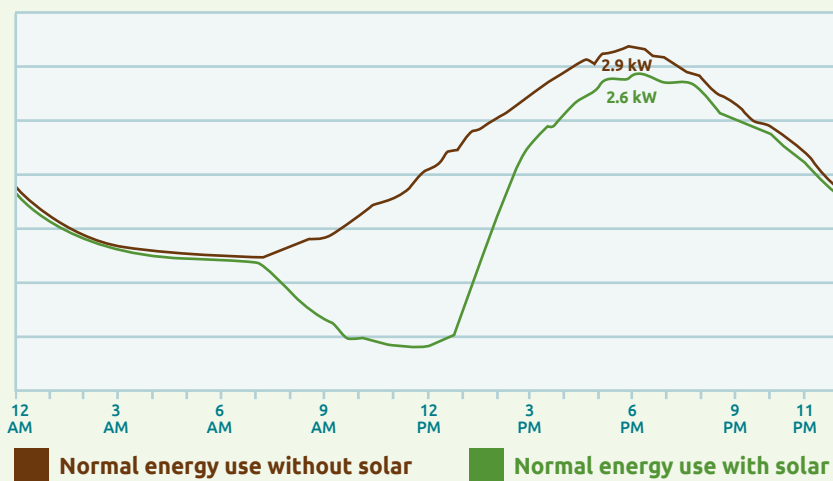
Prior to the projected PCIA rate increase, higher Resource Adequacy (RA) procurement costs, and increasing short-term power market prices, VCE had the ability to absorb the financial impact of enrolling NEM customers in 2019. That is no longer the case, so the VCE Board reluctantly made the decision to defer NEM participation.

Why are NEM customers deferred?

There are two main reasons:

- 1 NEM customers cost somewhat more to serve than the revenues they return.** While solar customer investments help strengthen our local economies, this benefit does not accrue directly to VCE as a service provider. This is mainly because solar customers place the same early evening electricity demand requirements on the system as other customers, but they purchase less grid electricity. (*see illustration*)
- 2 There are carrying costs for VCE to serve solar customers on annual billing cycles.** Annual billing cycles reduce VCE's cash flow, compared to customers who are billed monthly.

Average Peak Demand Solar vs. Non-Solar



What happens to existing NEM participants?

Existing NEM participants will stay with PG&E as full-service customers and will continue to receive the benefits as outlined in PG&E rates and policies.

Are there any exceptions?

Customers who purchased solar panels after Valley Clean Energy was launched in June 2018 are not included in this decision. They will remain VCE Net Energy Metering customers.

What happens next?

The VCE NEM policy will be reviewed again in mid-2019. The VCE Board of Directors will decide whether to end or extend the NEM deferral at that time.


How can I stay apprised of changes?

Continue monitoring the VCE website and board meeting agendas. Watch for public meeting notices and information in your local newspapers and news blogs. Sign up for our ListServ ([go to valleycleanenergy.org/about-us/meetings/](http://valleycleanenergy.org/about-us/meetings/)) to receive meeting agendas and program updates. Or contact us at 855-699-8232 or customerservice@valleycleanenergy.org.

The cost of purchased power is expected to go up by approximately \$800,000 in 2019, adding an additional burden to the budget.

Can we do anything to change this?

There are 19 CCE programs in California as of December 2018, and they all agree that the recent CPUC decision unfairly favors the utilities, to the detriment of CCE programs. VCE has joined with other CCEs and advocates across the state to seek remedies to this ruling.



In the meantime, the PCIA decision impacts VCE's finances but does not alter our mission of providing cleaner power at competitive rates, maintaining local control, improving the environment, and investing in local programs.



EXISTING VCE NEM CUSTOMERS

What happens if I'm already a VCE customer and decide to install a solar system?

Existing VCE customers who install solar systems will remain with VCE unless they choose to opt out. They will be automatically enrolled in VCE's NEM program.

What is VCE's existing NEM program?

NEM customers are billed monthly, the same as all other VCE customers. NEM accounts are true-up in February of each year. (The February true-up date ensures the optimal use of acquired generation credits, with the coldest weather behind us.) If you do not generate excess energy on an annual basis, your February charges will simply be for your February energy usage. If you generate excess energy on an annual basis, you will be paid for excess generation exceeding \$100 at the wholesale level (what PG&E pays), plus an additional 1 cent per kWh. Balances under \$100 will be rolled over.

If I installed my solar system prior to VCE's startup in June 2018, can I switch to VCE?

Unfortunately not. Because PG&E charges us a significant fee each time we bring in new customers, we must wait until we can switch NEM customers into the program in a sizable batch, reducing the per-customer cost.

Valley Clean Energy serves the communities of Davis, Woodland and unincorporated Yolo County
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