



June 25, 2024

Honorable Josh Becker
California State Senate
1021 O Street, Suite 7250
Sacramento, CA 95814

Re: SB 1374 (Becker) – Oppose

Dear Senator Becker:

The Public Advocates Office is the independent consumer advocate at the California Public Utilities Commission (CPUC). We advocate for affordable, safe, and reliable utility services consistent with the state's climate and clean energy goals.

We respectfully oppose SB 1374, as amended on March 18, 2024, because it would establish an excessive compensation model for certain renewable generation facilities, at levels at least 5-10 times greater than their actual value to the grid. This would exacerbate the affordability crisis by increasing costs for customers who are unable to install solar. This compensation model is regressive in that it places greater cost burdens on all other customers who cannot afford to install solar.

The CPUC decided in November 2023 to continue its Net Energy Metering Aggregation program (NEMA) and Virtual Net Energy program (VNEM) programs and reduce costs to non-participants by limiting the ability for netting solar production against a customer's energy consumption. This important reform helps address the excessive compensation structure while reducing unfair cost shifts.

NEMA has seen significant enrollment, with installation of over 852 MW in Pacific Gas and Electric Company's (PG&E) service territory alone. With NEMA, enrollment must be under a single customer's account and there is no requirement for solar generation facilities to be located on the same site as a customer's load (only on contiguous parcels owned by the same customer, including those across roads or highways). VNEM has seen only around 60 MW enrolled statewide, with less than half of the MWs installed by residential customers.

Prior to the CPUC's 2023 decision, the NEMA compensation model shifted substantial costs to non-participating customers. PG&E has estimated yearly costs at \$223 million, with SCE estimating approximately \$22 million annually. VNEM results in cost shifts that are proportionally lower due to lower customer enrollment in the program.

If enacted, SB 1374 as amended would reverse the CPUC's VNEM and NEMA decision and shift costs to non-participating customers. Such an outcome would drive up rates and bills by allowing participating customers to avoid paying their fair share of costs to operate and maintain the grid. Removing important protections enacted by the CPUC would increase the costs of the programs to non-participants and worsen the affordability crises.

NEM has been a significant cost driver in utility rates, with a resulting cost to non-participating customers across the three large electric utilities of \$6.5 billion in 2024 alone. These costs constitute between 15-20% of non-participant customer bills. If enacted, SB 1374 as amended would result in NEMA and VNEM similarly shifting costs to non-participants and driving up rates and bills.

Sincerely,



Linda Serizawa
Interim Director