



March 3, 2022

President Reynolds & Honorable Commissioners  
California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

**RE: Net Billing Tariff Proposal**

Dear President Reynolds and Honorable Commissioners,

On behalf of the San Diego Taxpayers Association, a 76 year-old non-partisan membership association dedicated to the effective and efficient use of public funds, I am writing in response to the “Net Energy Metering” rate structure, being renamed to the “Net Billing Tariff” Proposal released by the California Public Utilities Commission December 13, 2021.

We want to thank all the participating parties, the commission staff, and the commissioners for the time taken thus far to thoughtfully dialogue on what would be a more equitable rate structure for rooftop solar customers. We share your policy objectives of further incentivizing the decarbonization of the grid and assuring grid reliability.

Before we offer recommendations, however, we do want to clarify upfront that we do not seek intervenor compensation in this matter. We offer our recommendations purely in the name of achieving our shared policy objectives in a more effective and efficient manner.

We present numerous principles for your consideration as you deliberate in this matter. These principles were developed through a thorough analysis and engagement with many of the participating parties over the course of three months. The Taxpayers Association concurs with you that the current NEM rate structure – indeed, the entire electricity rate structure – to be highly regressive and inequitable, thus disproportionately impacting low to moderate income families and specifically communities of concern in a state where quality of life is already so expensive.

While we are pleased that this body proposes to address the vast inequities in the rate structure and portions of the Net Billing Tariff Proposal, we believe that improvements can still be made per our recommendations:

**The Net Billing Tariff Proposal only slows existing inequities.** The Taxpayers Association working group discovered that the current rate structure forces non-solar customers to pay 20 cents of every energy dollar to subsidize solar customers, who are typically higher-income earners. This creates a concern for not only immediate equity, but contributes to growing generational poverty. It is critical that these structural inequities are corrected for as quickly as possible, and 15 years to transition current NEM 1.0 and 2.0 customers is simply too long.



In addition to an overly-lengthy transition process, **the NEM 3.0 proposal continues to finance incentives for new green technology through rates** - increasing the cost burden to those who can least afford it. Incentives for green technologies should not continue to be financed through the rate structure but rather through other upfront subsidies or specific programs in the state budget. Furthermore, industry experts who presented to our working group shared that as a state we have reached the point of diminishing returns for residential rooftop solar. Addressing climate change is important, but it is critical we learn from previous mistakes and seek alternative avenues for incentivizing consumers to reduce greenhouse gas emissions.

Among other concerns found in our analysis that were not addressed in the CPUC Proposal are the Market Transition Credit providing payback for all customers over ten years. **The credit is only necessary for low-income customers**, and should not be widely applied so as to avoid distributing the cost of unnecessary subsidy across customers in all income brackets.

The San Diego County Taxpayers Association is urging the California Public Utilities Commission to consider all of the following abbreviated recommendations during the current extended revision period, and is urging this body to take swift action:

1. Given that increases in poverty result in even higher costs to taxpayers in public support programs and that San Diego already experiences the highest electricity rates in the country, the rate structure should eliminate all cost shifting to low and middle income (LMI) households.
2. Because new technologies to decarbonize and stabilize the grid should not be disincentivized, incentives should not be recovered through volumetric rates; thus, those incentives should be managed outside of rate structures like NEM.
3. All future rooftop solar customers should not be compensated for excess energy at a greater value than the value of energy at true market rates and avoided costs. All solar customers should also be charged appropriate fixed cost fees to ensure shared infrastructure costs are fairly distributed amongst all customers.
4. Vintage NEM 1.0 and 2.0 customers should be transitioned to a rate structure where they are compensated at true market rates for excess energy over a period within five years, with exception to those customers who are enrolled in any low-income rate programs. For all low-income customers, bills should not change at a rate faster than the consumer price index.
5. For all new solar customers who are enrolled in low-income programs, the CPUC should consider a reasonable “payback” period to be ten years. For all other solar customers, rates need not consider a reasonable payback period, as it would be better to achieve “reasonable payback” through upfront subsidies as opposed to integration into volumetric usage rates.

The rationale for these recommendations assesses key public policy goals in the areas of equity, decarbonization and grid stabilization. The full report is attached to this letter.



On behalf of the millions of taxpayers in San Diego County, the Association respectfully asks you to not postpone rate structure changes any longer, and to consider the recommendations outlined in this letter when adopting a final Net Billing Tariff. Thank you for your consideration of our recommendation.

Sincerely,

A handwritten signature in blue ink, appearing to read "Haney Hong", written in a cursive style.

Haney Hong  
President & CEO, San Diego County Taxpayers Association

**Attachment:** San Diego County Taxpayers Association Net Energy Metering 3.0 Recommendations

**Electricity Rate Structure Inequities Coalition Partners**

A handwritten signature in black ink, appearing to read "Inez Gonzalez Perezchica", written in a cursive style.

Inez González Perezchica, Ed. D.  
Executive Director, MANA de San Diego

DocuSigned by:  
A DocuSigned signature for Ricardo Villa, enclosed in a blue bracket-like shape.  
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Ricardo Villa  
President, San Diego County Hispanic Chamber of Commerce