



November 28, 2022

The Honorable Gavin Newsom
Governor, State of California
State Capitol, First Floor
Sacramento, CA 95814

The Honorable Alice Busching Reynolds, President
The Honorable Clifford Rechtschaffen, Commissioner
The Honorable Genevieve Shiroma, Commissioner
The Honorable Darcie Houck, Commissioner
The Honorable John Reynolds, Commissioner
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

CPUC Docket #: R.20-08-020
Response to November 10, 2022 Proposed Decision

Dear Governor Newsom and Commissioners,

The School Energy Coalition (SEC) is a statewide organization composed of school district representatives and private sector practitioners dedicated to helping schools improve energy efficiency, achieve climate resiliency, and meet statewide goals for transitioning to renewable and zero-carbon electricity.

We are writing in regard to the new Proposed Decision (PD) released on November 10, 2022, related to Net Energy Metering 3.0 (NEM 3.0). Before raising our concerns, we want to state our agreement with the changes made in the new PD that protects the people, public agencies, and businesses that relied on the promises made in NEM 1.0 and NEM 2.0 when they made investments to implement solar energy, and later storage.

We request that the PD be amended to separate commercial and industrial (after this any reference to commercial means both commercial and industrial) from residential with a separate Avoided Cost Calculator (ACC). We also request that within commercial there be a separate ACC for public schools; not only because they generate and export more energy during the summer when the grid values this power the most, but because schools have different usage patterns than other commercial customers.

Schools Are Unique

- Schools with solar have different usage and energy export patterns because they do not have the same level of demand during the summer as they do in the spring, fall and winter. Because they generate and export more energy during the summer—when it is most needed by the grid—they should be treated differently than other commercial users. From June through September, in particular, because schools generally end at 3:30 in the afternoon, they are exporting significant solar generated energy during the late afternoon and early evening hours when peak usage is occurring.
- Schools present a unique opportunity to help the State meet both renewable energy and resiliency goals. By installing solar generation and battery storage systems, schools can increase the supply of renewable energy and provide community facilities with back-up power for emergencies. Schools are

capable of providing these benefits in every community in the state. The proposed changes to NEM 3.0 will make these systems financially unviable and significantly decrease the ability for schools to provide these benefits making it harder for California to meet climate and resiliency goals.

- Commencing January 1, 2023, Title 24 will *require* new schools to have solar generation and storage. This new mandate does not have any state funding associated with it to balance out the new cost. Consequently, the PD's proposal to reduce—by almost 75%—the export rate for new solar will make it difficult, if not impossible, for many school districts to pay for the cost of the new mandate. This will result in schools having to pull money out of the classroom to pay for this new capital expense.
- Students, teachers, and school communities affected by this change in the economics proposed in the PD are likely to primarily be smaller school districts serving disadvantaged communities.

Reasons for Exclusion from Residential

- Commercial has different energy use patterns and rate structures (e.g., demand charges) than residential users.
- The Look Back Study separated industrial and commercial from residential. Because the Look Back Study has been used to develop some of the recommendations in the new PD, there should be a continued separation in both tariff and rates policies to reflect the different findings regarding residential and commercial. The Look Back Study found that NEM 2.0 had created subsidy issues between low-income and high-income individuals and communities. Those subsidy issues were solely found in the residential sector. In fact, the study found that the commercial sector subsidizes residential customers.
- There is no evidence in this proceeding to support the treatment of commercial customers as if they contained the same profile as residential customers.

Reasons for a Separate Commercial and Residential Avoided Cost Calculator

- We have not seen data or any analysis justifying, or transparency in incorporating, commercial users as if it were the same as residential.
- There is no evidence that commercial customers (especially larger ones) are similar to residential for the purposes of calculating avoided costs. By their very nature they are different. That should mean they have different avoided costs.

For the reasons outlined above, we request that commercial users be separate from residential with a separate Avoided Cost Calculator, and that schools should be addressed within the commercial with their own Avoided Cost Calculator recognizing the unique profile and net contribution of school districts.

Thank you for your consideration of this request.

Sincerely,



Janet Dixon
Chair, School Energy Coalition