

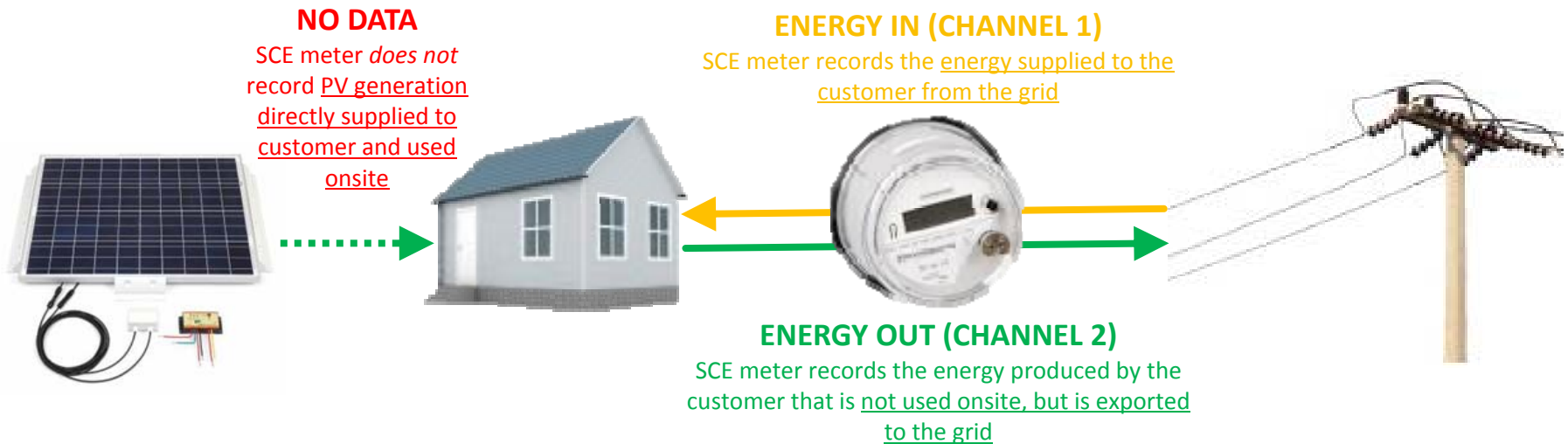
Overview of Net Energy Metering (NEM) Successor Tariff (NEM 2.0)

Erin Pulgar, Senior Project Manager
State Regulatory Operations
Southern California Edison

NEM is an optional rate schedule for customers who elect to install eligible renewable generating facilities to supply their onsite energy needs

How NEM Works

ILLUSTRATIVE



1 Every month, SCE bills NEM customer for **net energy use**: the difference between Energy In (Channel 1) and Energy Out (Channel 2).

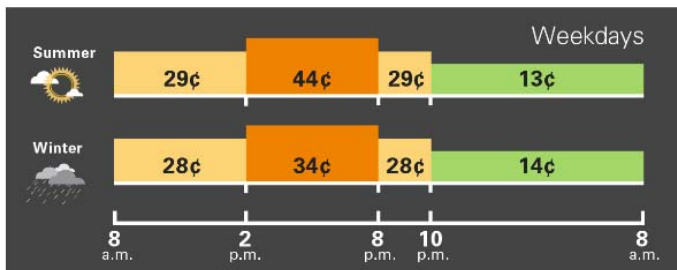
2 Any monthly net energy credits (kWh) **receive retail credit (in \$)** based on a customer's electric rate schedule and can offset SCE energy charges (in \$) throughout a 12-month Relevant Period.

3 Any excess energy (in kWh) at the end of the Relevant Period receives **Net Surplus Compensation** (~\$0.025 / kWh).

Customers with TOU and NEM net their ENERGY IN with their ENERGY OUT within the same TOU bucket

How TOU and NEM work

TOU-D-A Pricing and Time Periods



Monthly Baseline Credit: 10¢ per Baseline kWh | Daily Basic Charge: 3¢
Minimum Daily Charge: 33¢

Summer Rates:
June through September, 4 months

Winter Rates:
October through May, 8 months

Price/kWh:
■ Super Off-Peak
■ Off-Peak
■ On-Peak

TOU-D-A Pricing and Time Periods



Monthly Baseline Credit: 10¢ per Baseline kWh | Daily Basic Charge: 3¢
Minimum Daily Charge: 33¢

Summer Rates:
June through September, 4 months

Winter Rates:
October through May, 8 months

Price/kWh:
■ Super Off-Peak
■ Off-Peak
■ On-Peak

Example

1. On-peak exported generation for the month is 300 kWh. On-peak consumption from the grid for the month is 200 kWh.
2. On-peak net generation is 100 kWh; therefore, customers get 100 kWh of on-peak energy credit (\$).
3. Customers can apply this energy credit (\$) to off-peak and super off-peak energy consumption.

1 Customers “net” their energy use within each TOU bucket. TOU buckets with net generation receive credit associated with the retail price of that TOU bucket; TOU buckets with net consumption are charged for energy at the retail price of that TOU bucket.

2 Charges and credits for all TOU buckets are combined and the customer is billed or credited (\$) for the month at retail rates based on a customer’s electric rate schedule. Net energy credits (\$) can offset SCE charges (\$) throughout a 12-month Relevant Period.

3 Any excess energy (in kWh) at the end of the Relevant Period receives **Net Surplus Compensation** (~\$0.025 / kWh).

NEM 2.0 Tariff Summary

"Realigned NEM" – CPUC Decision (D.)16-01-044	
Overall Structure	<ul style="list-style-type: none"> Continues basic NEM structure of netting kWh imports and exports over a 12-month Relevant Period, with monthly energy charges and credits based on the rates in a customer's underlying retail rate schedule
Effective Date	<ul style="list-style-type: none"> NEM 2.0 projected to become effective in SCE's service territory on July 1, 2017 (<i>unless we hit our NEM 1.0 cap earlier</i>) Allowed to stay on NEM 2.0 tariff for 20 years from the date of interconnection (<i>underlying retail rate schedule is not grandfathered</i>)
Nonbypassable Charges (NBCs)	<ul style="list-style-type: none"> NBCs include the Public Purpose Program Charge, Nuclear Decommissioning Charge, Competition Transition Charge and DWR Bond Charge (<i>currently at \$0.0261</i>) NBCs are assessed on the net of imports and exports in each metered interval
Mandatory TOU	<ul style="list-style-type: none"> All NEM 2.0 customers must be on a TOU retail rate schedule (<i>residential default is currently TOU-D-A</i>)
Sizing	<ul style="list-style-type: none"> Removes 1 MW sizing limit but generating facilities must still be sized to load
Interconnection Costs	<ul style="list-style-type: none"> ≤1 MW: \$75 interconnection fee (<i>SASH exemption</i>) but retains exemptions from study costs, distribution upgrade costs, standby charges and departing load charges >1 MW: must pay all interconnection costs but retains exemption from standby and departing load charges
Virtual NEM Options	<ul style="list-style-type: none"> Retains MASH-VNM (<i>income-qualified multifamily</i>), NEM-V (<i>multi-meter, multi-tenant</i>) and NEM-A (<i>multi-meter</i>)
DA/CCA Customers	<ul style="list-style-type: none"> Direct Access (DA) and Community Choice Aggregation (CCA) customers are eligible provided their Electric Service Provider (ESP) or Community Choice Aggregator also offers a comparable NEM 2.0 tariff
DAC Option	<ul style="list-style-type: none"> Defers adoption of alternatives for Disadvantaged Communities (DAC) to Phase 2 of the proceeding (<i>currently ongoing</i>)
Upcoming Changes	<ul style="list-style-type: none"> CPUC to review tariff structure options for customer-sited DG in 2019 ("<i>3.0</i>" tariff) Shifting TOU periods to better align with costs (<i>proposed 4 to 9 p.m. on-peak period</i>)



Contact:

Erin Pulgar

erin.pulgar@sce.com /

T: (626) 302-2509