



aurora



August 27, 2021

Paul Lau
General Manager
Sacramento Municipal Utility District

RE: Continued Strain Between Local Solar Economy and SMUD

Dear Mr. Lau,

We are writing to you today to express our collective disappointment in the continued strain and unproductive conversations between members of the Sacramento region’s clean energy business community and SMUD staff. While we appreciate SMUD staff meeting with representatives of our industry and that SMUD has moved away from reoccurring solar fees, we maintain our strong convictions that the latest iteration of the NEM 2.0 proposal will lead to significant contractions in the market. These contractions will not only hurt local businesses but will also threaten SMUD’s ability to meet its recently adopted climate change goals. As our smoke-choked skies remind us, now is far from the time to slow the growth of any form of clean energy. We are also concerned that the current NEM 2.0 proposal will significantly harm existing solar customers, which our industry and SMUD should agree must be protected.

After sharing our concerns with your staff, they informed our industry representatives that they did not plan to make any changes to the NEM proposal that will be presented to the Board. In fact, after explaining how the NEM proposal would result in the loss of local clean energy jobs, i.e., layoffs, your staff responded by suggesting we should go into another industry, specifically building electrification. Setting aside the fact that we already encourage customers to electrify when they go solar, the insensitivity of SMUD staff's comments combined with the unwillingness to make changes to the proposal flies in the face of the collaboration we hope to see with you as SMUD's General Manager. As Sacramento's local solar industry, we want to be a partner in SMUD's transition to 100 percent clean energy, but the orientation of SMUD staff reveals an "us vs. them" approach toward our industry, which is counterproductive to the overall goal of tackling climate change.

We are writing directly to you to ask for your leadership in ensuring SMUD staff work collaboratively and productively with our industry on the NEM 2.0 proposal.

For the Sacramento solar industry to persist and not contract, we ask SMUD to make the below changes to the NEM 2.0 proposal.

1. **Extending the eligibility period for NEM 1.0 customers.** Existing solar customers should be able to stay on the current NEM tariff until 20 years from interconnection. This is the standard the state of California adopted several years ago to protect consumers and it is something SMUD should adopt as well.
2. **Glide path to the new export rate.** While we believe the export rate of 7.4 cents/kWh should be increased to account for the role of rooftop solar in helping SMUD meet its zero-carbon goal and reducing air pollution, we suggest at the very least that SMUD adopt a glide path to 7.4 cents/kWh which would help the industry transition.
3. **Implement NEM 2.0 one year after the Board vote.** A start date at the end of next summer will give the industry time to adjust internally, allow the price of batteries to fall, and give building departments time to adopt SolarAPP (automated solar permitting software), which will lower the price tag of solar and solar + storage by thousands of dollars. (The Energy Commission's program to give building departments grants to adopt SolarAPP will go live in May.) Again, creating a transition period between successor NEM tariffs has been adopted at the state level to good effect and should be emulated in SMUD territory as well.
4. **Increase the export rate during peak periods.** We suggest an export rate higher than 7.4 cents/kWh during peak hours for both the summer and non-summer.
5. **Expand the program for energy storage systems.** We share SMUD's desire to increase energy storage along with rooftop solar. To get there, in addition to the policies above that ensure the continued growth of solar energy in the Sacramento region, we suggest SMUD consider increasing its subsidies for energy storage systems to reduce the high payback periods that persist with the current proposed subsidies. Additionally, SMUD should create battery programs for commercial properties and multifamily housing.
6. **Expanding VNEM to all multitenant properties.** Virtual Net Energy Metering (VNEM) is a critical tool that can extend the benefits of rooftop solar to different customer types in

the Sacramento area. Neighboring utility, PG&E, offers VNEM per state mandate. While SMUD's proposal allows low-income multifamily properties to use VNEM, VNEM should be available to all multitenant properties. VNEM is often the only viable method for multifamily properties, regardless of the income designation, to install solar, and many multifamily properties have low-income tenants even if the property is not designated as such. Additionally, expanding VNEM to multi-tenant commercial properties, such as shopping centers, would enable more storefronts and businesses to go solar as well.

Please consider not only these policy recommendations but the overall relationship between SMUD staff and the local solar industry of Sacramento. Under your leadership, we hope to see barriers to communication and common understanding torn down, and a greater sense of collaboration and shared vision emerge. We hope we can get there with your direct involvement.

Thank you.

Sincerely,

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