

**SACRAMENTO MUNICIPAL UTILITY DISTRICT  
BOARD OF DIRECTORS MEETING**

**STATEMENT OF FRANK L.  
REGARDING NET ENERGY METERING REFORM**

**AUGUST 31, 2021**

Members of the Board of Directors:

Thank you for the opportunity to appear before you this evening. I wish to speak to you about Agenda Item Number 2, specifically the Staff's proposed successor tariff for Net Energy Metering customers – that is, SMUD customers who install solar and solar-plus-storage systems on their property.

By way of background, I served for six years, from 2008 until 2014, as General Counsel of the California Public Utilities Commission. The CPUC, as it is known, is the State agency that regulates, among other things, the rates and terms of service of the investor-owned electric utilities in California. My tenure as General Counsel of the CPUC was truly a highlight of my professional life.

I now have my own private law practice in San Rafael, California, where I live. After 36 years in the field of energy law and regulation, I remain quite active on energy issues in California. I also teach a course on energy law and regulation as an adjunct professor at the University of San Francisco.

I think Staff has brought you a sound set of recommendations for reform of SMUD's Net Energy Metering tariff, and I encourage you to vote to approve it. The Staff should be commended, in my opinion, not only for developing a solid proposal, but also for undertaking an extensive and inclusive stakeholder process to examine the Net Energy Metering program.

During my years at the California Public Utilities Commission, on more than one occasion I heard our Commissioners speak in public about their admiration about SMUD. Two things about SMUD seemed to especially impress the Commissioners. First, as a customer-owned utility, SMUD has always had a singular focus on serving its customers. Second, because the members of this Board are locally elected and directly accountable to the people, you have the ability to be closely in touch with the needs of the community.

Here's what I said when I spoke before the Finance and Audit Committee on May 18, 2021:

SMUD has a track record of providing leadership in the drive for decreased emissions of greenhouse gases and other pollutants, and for finding customer-friendly solutions to the challenges of the industry.

On the specific topic of Net Energy Metering, there are three aspects of the Staff Proposal that deserve favorable comment,

First, and in my mind foremost, is that Staff has been responsive to the need for greater equity among customers. The existing Net Energy Metering arrangements are lopsided in favoring customers who have rooftop solar or paired solar-plus-storage arrays. These are generally wealthier customers. They enjoy

subsidies at the expense of lower- and middle-income customers who cannot afford this technology. While the existing Net Energy Metering tariffs made sense when

the solar industry was just getting started, the industry is now mature. The subsidies, moreover, have grown in size over time, and so the social justice issue is now at the forefront.

Second, I hope you will approve Staff's proposal to institute an interconnection fee for solar customers. A fee of this type is necessary, in my view, because it will help cover at least a portion of the costs of SMUD's transmission and distribution system, which of course serves all customers.

Third, Staff is correct to focus economic incentives on solar-plus-storage, rather than standalone rooftop solar. This is because solar-plus-storage provides significantly better benefits to the grid and reductions in emissions of greenhouse gases and other pollutants, as compared to standalone rooftop solar.

For these reasons, I respectfully urge you to adopt the Staff Recommendations regarding Net Energy Metering reform.

Thank you again for the opportunity to address you this evening.

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