

The issue is SMUD's proposed reduction of the net energy metering credit.

In my professional engineering opinion, the E3 study contains serious flaws. Correcting the flaws suggests that the current average 13.5 cents per kilowatt hour is not far off. SMUD's proposed cut to 7.4 cents per kilowatt hour grossly undervalues rooftop solar. Below are the top three problems the study.

**Problem #1: SMUD's solar study incorrectly claims that SMUD "pays" solar users for simply using their own solar energy at home.**

The study incorrectly claims that SMUD "pays" solar users a total of \$25-\$41 million a year. When customers consume their own solar energy at home (rather than buying it from SMUD), the report claims their bill savings are the same as getting "paid" by SMUD.

To be clear: SMUD does not pay solar users when they make and consume their own energy. It is true that solar users reduce their energy purchases from SMUD when they make their own solar. But no one is paying them, in fact, it comes at significant cost to the homeowner.

SMUD argues that when rooftop solar users consume their own energy, they don't pay their share of the grid. I have yet to see any factual data from any utility appearing at the CPUC that documents such claimed costs.

Rather than snooping around with what people do behind their meter, the study should have simply looked at the "surplus" energy solar users send back to the grid. Since solar users get a bill credit for that extra energy, it is correct to ask what the value of that extra energy is and then perform calculations that are narrowly focused on that extra energy. The study didn't do that.

**Problem #2: SMUD's solar study implies that rooftop solar's climate change benefits should not be valued**

The report's fine print states that rooftop solar reduces global warming pollution (along with several other social benefits) by a value of between \$.02 and \$.16/kWh.

But the report excludes this from the conclusion, and also excludes this value from the proposed net metering credit of 7.4 cents per kilowatt hour.

**Problem #3: SMUD's solar study is not based on SMUD's new climate change goal**

The study also is premised on SMUD's old climate change goal that assumed SMUD would still operate its fossil fuel power plants past 2040. Things have changed: SMUD

recently adopted a stronger goal to reduce SMUD's global warming pollution to zero by 2030.

To reach zero carbon emissions by 2030, SMUD will need to build a lot of new renewable energy to replace its fossil fuels and meet additional energy demand from community growth and the newly mandated all electric building standards.

Making residential solar uneconomical for all those who have already installed systems will not help meet climate goals.

## **Summary**

Correcting the flaws in the report suggests that the current credit averaging 13.5 cents per kilowatt hour – is fairly valued. It also suggests that SMUD's proposed 7.4 cents per kilowatt hour credit grossly undervalues rooftop solar.

Furthermore, the most detailed research done on this issue strongly suggests that rooftop solar is critical for helping reduce the cost of the transition to clean energy. SMUD and the state of California need more rooftop solar and battery storage to help people keep the lights on during power outages, give consumers more ways to control their energy bills, and reduce pollution.

SMUD's study uses deceptive methods to obscure these truths. One would think that a publicly-run utility like SMUD would support more honest accounting methods when researching an issue as important as this one. SMUD can do better than this.