



August 31, 2021

Subject: COMMENTS TO SACRAMENTO MUNICIPAL UTILITY DISTRICT BOARD OF DIRECTORS

Dear President Bui-Thompson and members of the SMUD Board of Directors and staff:

My name is Patrick S. with SunPower Corporation, a 35-year old leading solar energy and storage solutions provider. We have supported more than 1,400 residential projects and 60 commercial projects within SMUD territory. We also work with 17 of the top 20 new homes builders within the state and of the more than 370 local contractors we work with to sell and install our products across the state, 25 of them work in the SMUD territory with more than 900 employees.

I'd like to thank the board for their commitment to providing reliable and affordable energy to your customers, and leading the charge as California transitions to a clean energy future. However, in order to achieve this goal, we feel that the board must reevaluate the current net metering proposal and examine the impacts it would have on SMUD's vision of a zero carbon economy.

First, a problem with SMUD's NEM 2.0 proposal is the large reduction in the export rate to 7.4 ¢/kWh – which is based on a flawed and contentious ACC proceeding, from the existing export rate of ~11-18 ¢/kWh. Such a drastic cut will severely impact the economic benefits to many solar and storage customers, regardless of the various financing options – which have opened up these benefits to Californians of all income levels. This abrupt reduction would create a shock to the industry and its employees, and cause a decline to the Sacramento market. We suggest a glidepath in order to maintain sustainable growth within the industry and make headway toward your zero-carbon goal. We would couple this suggestion with an increase in the export rate during peak periods, specifically up to 21 ¢/kWh during peak summer hours and 11.5 ¢/kWh during non-summer peak hours.

We also welcome SMUD's energy storage system proposal but would suggest it does not go far enough. The average incentive between now and 2030 would result in an average subsidy of \$841. We suggest SMUD consider increasing its subsidies for energy storage systems, as these early adopters would be providing and paying for what you have identified as vital grid service. Storage is in high demand, especially amidst the increasing reality of power shut-offs and wildfire mitigation activities. Yet, battery storage is still currently cost-prohibitive for most families. We ask for support that encourages investment in this growing technology until the price of batteries can come down to a more economical level.

Last, would like to see an expansion of virtual net metering to all multitenant properties. VNEM is a critical tool that can extend the benefits of rooftop solar to various types of Californians, across all economic brackets, within the Sacramento area. VNEM is often the only viable method for multifamily properties, regardless of income designation, to install solar and many multifamily properties have low-income tenants even if the property is not designated as such. As a result, VNEM should be made available to all multitenant properties. In addition, expanding VNEM to multi-tenant commercial properties, such as shopping centers, would enable more storefronts and businesses to go solar as well.

The ongoing transition to an environment free of fossil fuels will not be easy, and will take all segments of the industry working together. But, encouraging investments in distributed solar and storage is about leveling the demand load and providing greater stability to the grid, paid for by others. It's about increasing resiliency and creating a viable path to meeting the state's

and SMUD's energy goals. Finally, more utility scale solar means more high-voltage transition lines, which will necessarily mean more utility-caused wildfires. I thank you for your time today and urge you to re-examine your current NEM 2.0 proposal.

Thank you,

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