



NetGreen 2.0 Transition

Overview

After the spring 2020 annual cash out, SCP will transition all existing NetGreen customers to NetGreen 2.0, a Net Surplus Compensation (NSC) model. Under this model, when your solar or renewable energy system creates more energy annually than you use, we pay you for that surplus energy during our annual cash out.

About the Transition

- On January 9, 2020, SCP's Board of Directors approved:
 - The closure of SCP's NetGreen program effective after the spring 2020 cash out; and
 - The transition of existing NetGreen customers to NetGreen 2.0 after the customer's 2020 spring cash out.
- The development and transitioning customers to NetGreen 2.0 is a result of the changing energy market. In SCP's territory, where a substantial amount of solar electric capacity has been installed by customers, the amount of power that must be generated from sources other than solar rapidly increases in late afternoon and peaks in the mid-evening hours. The drastic difference in renewable energy availability between midday and evenings are forecast to get more extreme over the next five years as more solar power is installed and updated building codes require solar on new homes.
- This decision promotes rate stability for customers and allows SCP to support new incentives on high value greenhouse gas reduction programs, such as battery storage, heat pumps, and demand response programs.

NetGreen 2.0 Cash Out Details

- With NetGreen 2.0, the annual cash out is changing for the year 2021; however, the monthly credit accumulation and billing will remain the same.
- Under the previous NetGreen program, SCP automatically sent checks for retail credits of \$100 or more, regardless of how much net energy was exported to the grid annually during our spring-to-spring cash out period.
- With NetGreen 2.0, cash out payments will now be calculated based on the total excess electricity generated and exported to the grid in kilowatt-hours (kWh) during the year. You will be compensated for energy exported to the grid annually at double the PG&E compensation rate, up to a maximum of \$5,000 per account.

- SCP looks at the annual amount of energy generated your system, the annual amount of energy consumed, and then we calculate how much excess energy was exported to the grid annually, if any. If you have any excess energy exported to the grid, SCP will pay you double PG&E's 12-month average wholesale rate.
 - For example, if your system exported 1,000 kWh and you consumed 800 kWh annually, you would get paid on 200 kWh of excess energy exported.
 - If, however, your system exported 1,000 kWh and you consumed 1,100 kWh annually, you would not receive net surplus compensation even if your NetGreen balance show credits.
- Remember, everything else stays the same - only annual cash out process is changing.

Timing

- Customers will be transitioned from the original NetGreen program to NetGreen 2.0 after completion of the individual customer's spring 2020 cash out.
- New NEM customers who begin service during the cash out months (March - May) or following the spring cash out will automatically enroll into NetGreen 2.0.

Aspects That Remain the Same

- **Generation Credits:** Customers will continue to earn generation credits at the retail CleanStart rate, plus a one cent per kWh Net Generation Bonus premium.
- **Monthly Billing:** NetGreen customers still receive, and are expected to pay (when applicable), a monthly bill from PG&E, which will include SCP charges and credits. For months in which a customer does not have enough NetGreen credits accrued to offset SCP electric generation charges, the customer will be billed for, and must pay for, the net electricity consumed in that month.
- **SCP Annual Cash Out:** SCP will continue to automatically cash out eligible customers in the spring for balances of \$100 or more. Under NetGreen 2.0, customers will only receive payment if they're a net energy generator annually.
- **PG&E Annual True-Up:** Customers will continue to receive a separate annual true-up statement showing transmission and distribution charges and credits, public purpose programs, and fees from PG&E. Customers' annual true-up period may not match SCP's cash out period.

Aspects That Change

- **Transition to Premium Net Surplus Compensation:** Customers who are annual net energy generators in kWh during the cash out period (spring to spring) will be paid for excess energy exported to the grid at SCP's Premium Net Surplus Compensation Rate (PNSC).
 - This is different from the original NetGreen program, which, paid customers even if the customer did not generate more kWh than the customer consumed over the course of the year but had a credit balance over \$100.
- **Annual Cash Out Rate:** Each spring, SCP will look at NetGreen 2.0 customers' annual usage (spring to spring). Any customer who over-generated in kilowatt-hours for the whole year will be automatically cashed out at double PG&E's 12-month NSC average for the calendar year preceding the cash out.
 - Customers with PNSC balances of \$100 or more in the spring will automatically receive a check up to the cash-out cap of \$5,000. Incremental credit balances in excess of \$5,000 will be forfeited and reset to zero.
 - Customers with a PNSC balance below \$100 will have their PNSC balance rolled over to the following month.
 - Note: some customers with a NetGreen retail credit balance above \$100 may have less than \$100 in PNSC and would therefore not receive a check, but instead, have the PNSC rolled over to the next month.

Frequently Asked Questions

1. Why is SCP changing the NetGreen program?

In the California energy market, the peak demand for grid power now occurs near or after sunset for 9 or 10 months of the year, when solar power is dramatically reduced or no longer available. In SCP's territory, where a substantial amount of solar electric capacity has been installed by customers, the amount of power that must be generated from sources other than solar rapidly increases in late afternoon and peaks in the mid-evening hours, producing what is referred to as "the Duck Curve."

The California Independent System Operator (CAISO) has been monitoring and analyzing the Duck Curve for many years and their biggest finding is the growing gap between morning and evening prices relative to midday prices. According to their last study, the U.S. Energy Information Administration found that the wholesale energy market prices over the past six months during the 5 p.m. to 8 p.m. period (the "neck" of the duck) have increased to \$60 per megawatt-hour, compared to about \$35 per megawatt-hour in the same time frame in 2016. They have also measured a drastic decrease in the midday prices, now averaging \$15 per megawatt-hour. These high peaks and deep valleys are forecast to get more extreme over the next five years as more solar power is installed and Title 24 begins requiring solar on every new home beginning in 2020.

A crucial part of this curve comes from the net load (the difference between expected load and anticipated electricity production from the range of energy sources). In certain times of the year (namely spring and summer), the curves

create a “belly” appearance in the midday that then drastically increases in the late afternoon, early evening creating the steep neck of the “Duck”.

2. Will I still receive an annual true-up from PG&E?

Yes.

3. How will the NetGreen 2.0 program work?

When your system generates more clean energy than is necessary to power your home or business, SCP pays you. When you consume more energy than your system generates, you pay SCP. If you generate more electricity than you use during a billing cycle, SCP credits you at its retail rate plus 1¢ bonus. This credit is automatically applied toward future electricity usage. Customers who are annual net energy generators in kilowatt-hours during the cash out period (spring to spring) will be paid for excess energy exported to the grid at SCP’s Premium Net Surplus Compensation (PNSC) Rate, which is double PG&E’s 12-month Net Surplus Compensation rate average for the calendar year preceding the cash out.

- Customers with PNSC balance of \$100 or more in the spring will automatically receive a check up to the cash-out cap of \$5,000. Incremental credit balances in excess of \$5,000 will be forfeited and reset to zero.
- Customers with a PNSC balance below \$100 will have their PNSC balance rolled over to the following month.
 - Note: some customers with a NetGreen retail credit balance above \$100 may have less than \$100 in PNSC and would therefore not receive a check, but instead have the PNSC rolled over to the next month.

4. What happens if I have less than \$100 in PNSC credits at the annual cash out?

At cash out, if you have less than \$100 in PNSC credits, the PNSC credits will be added back into your NetGreen credit balance to be used to offset future bills.

5. What happens to my NetGreen credit balance at cash out if I’m not an over-generator in kWh?

Customers who are not over generators in kWh at cash out will have their NetGreen balance zeroed during cash out. After zeroing the credit balance, you will continue to accrue credits per billing cycle at the retail rate plus a bonus penny.

6. What is the current PNSC rate?

The PNSC for \$0.06704/kWh.

7. What’s the difference in SCP and PG&E’s net surplus compensation programs?

	PG&E Net Metering	SCP NetGreen 2.0	SCP NetGreen
Billed	Annually	Monthly for usage of SCP electricity	Monthly for usage of SCP electricity
Generation	Credits earned and applied annually	Credits earned and applied monthly at retail rate + \$0.01/kWh bonus	Credits earned and applied monthly at retail rate + \$0.01/kWh bonus
Credits	Expire Annually	Roll over	Roll over
Cash Out	Only on excess annual energy (kWh) paid wholesale rate at annual true-up	Automatically, only on actual energy (kWh) exported annually paid at 2x PG&E's 12-month wholesale average once a year in spring (up to \$5,000)	Unused credits totaling \$100+ paid automatically at the retail rate + \$0.01/kWh bonus once a year in spring (up to \$5,000)

8. Will NetGreen Aggregation customers be eligible for cash out under NetGreen 2.0?
No, NetGreen 2.0 Aggregation customers are not eligible to receive net surplus compensation per state law and will have credits reset to zero annually.
9. What happens when I close/terminate my NEM account?
When the account is closed, SCP looks at the total energy usage since the spring cash out. If you have over generated in kWh in the time following the cash out, SCP will cash you out at the PNSC rate. SCP will send a check to the address on file up to \$5,000 (no minimum and not applicable to aggregation customers).
10. What if I don't want to participate in NetGreen 2.0?
All SCP net energy metering customers will be required to transition to NetGreen 2.0. If you don't want to transition, you may opt out of SCP service and return to PG&E bundled service. Customers who opt out will trigger a true-up before returning to PG&E.