



NetGreen FAQ's

Date: 01/14/2020

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 new NetGreen 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 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 the 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).