



THE CITY OF SAN DIEGO

TODD GLORIA

MAYOR

January 7, 2022

California Public Utilities Commission  
505 Van Ness Avenue  
San Francisco, CA 94102

Dear Commissioners:

The City of San Diego (“City”) respectfully submits these public comments on the Proposed Decision in R.20-08-020 regarding the Decision Revising Net Energy Metering Tariff and Sub-tariffs, often referred to as “NEM 3.0.” San Diego is a leader in the fight for 100 percent clean energy and has adopted a Climate Action Plan (CAP) with robust equity goals, a Municipal Energy Strategy (MES) to remove reliance on fossil fuels in City facilities, and City Council Resolution 313783 urging the Commission to adopt a Decision which supports continuing growth of customer sited solar installations, for both residential customers in communities of concern and for large energy users such as the City. As such, the City cannot support the Proposed Decision in its current form.

**The Proposed Decision Slows San Diego’s Ability to Meet Its Climate Goals.**

A 100 percent renewable energy target is a critical component of the City’s CAP and MES, which call for integrating solar and energy storage at City facilities wherever technically and economically feasible to reach this goal. The Proposed Decision will have negative effects on the City’s ability to deliver on MES goals because it significantly changes the available financing and cost of capital of adding onsite generation in the City’s building retrofits. As an early adopter of solar at city buildings, the City also has several older solar systems which, under the Proposed Decision, will time-out of the current NEM rate and shift to the new one, with minimal time to budget, contract, and execute the technical upgrades needed to install storage at these sites as intended in the new rate proposed. This will hamper progress on the City’s zero emissions goals as well as efforts to make City facilities more resilient. The Proposed Decision in its current form assigns no value to distributed solar beyond the avoided market cost of fossil fuel resources. The Proposed Decision includes a complicated Avoided Cost Calculator which, in addition to harming the value of customer sited solar, creates a significant administrative burden for owners of multiple systems. With over 50 solar accounts already in the City portfolio, the additional administrative burden to develop budget projections and audit payments to ensure responsible expenditure of taxpayer funds is significant and adds secondary costs to any new solar or solar and energy storage installation at City facilities that are not accounted for in the Proposed Decision. The

City urges the CPUC to recognize and assign substantial value to the societal benefits of customer sited solar installations and reject elements that would stifle sustainable growth, including high monthly fixed charges and overly complex and opaque avoided cost models.

### **The Proposed Decision Impedes Equitable Access to Solar For Low-Income Households and Communities.**

The City applauds the CPUC focus on equity and providing relief to low-income communities for whom the costs of solar are still a barrier. However, the City has significant concerns that the solutions provided in the Proposed Decision will not mitigate these barriers as intended but instead are likely to exacerbate them. San Diego has the highest amount of distributed solar installed per capita in California and net energy metering has been a significant driver of solar adoption for high, moderate, and low-income households in the City. The upfront capital cost of a solar system is the biggest barrier for adoption in Low-to-Moderate Income communities, but it is not the only one. Changing the rate structure to penalize those who may have put aside funds for a solar system but not enough for the additional storage system by increasing their on-peak rate will reduce opportunities to expand solar in these communities. Additionally, there are technical and space constraints for many households and businesses with strong potential for solar that cannot necessarily support a battery at a size to offset the time-of-use peak differential between solar and non-solar customers. In addition, the avoided cost model makes the economics of solar more difficult to anticipate and understand, increasing resistance to installing solar.

The Proposed Decision does provide for the creation of an Equity Fund to help overcome barriers to solar adoption. However, the City is concerned that the Fund is several orders of magnitude too small. The specifics of how the Equity Fund will be administered are too vague to be confident of its impact to the City's low-income households and historically underserved communities. In addition, implementation of the Equity Fund will be administered through a series of workshops and Advice Letters by the Investor Owned Utilities, but there is no requirement in the Proposed Decision for the level of engagement necessary to guarantee meaningful local input from the communities which the Equity Fund should benefit. Nor does it specify how much of the \$150 million in annual Equity Funding would be expended on the costs of administering the program.

Expanding access to rooftop solar in communities of concern should be a top priority of this proceeding and will help California move toward 100 percent clean energy, lessen the impacts of the climate crisis, and reduce climate injustices stemming from fossil fuel use in California. The State has significantly invested in driving down the costs and increasing adoption of rooftop solar over the last two decades. Now that the solar market has matured and cost barriers are falling, the Commission should focus on ensuring solar is accessible to low-income communities and households rather than creating new barriers for them. California must be dedicated to providing an equitable level of opportunity to those communities with the highest barriers and greatest structural constraints to access the benefits of onsite renewable electricity.

### **The Proposed Decision Negatively Impacts Local Clean Energy Jobs and Economic Growth.**

The rooftop solar industry provides over 9,000 jobs to the San Diego region, contributing to a clean energy sector which has an \$8.2 billion economic benefit. This Proposed Decision may

also lead to the contraction of this sector across the City and the region, putting jobs and livelihoods at risk. The City strongly supports clean energy job growth that addresses current barriers to joining the workforce by expanding access to union apprenticeship programs through pre-apprenticeship programs in communities of concern and requiring prevailing wages for a skilled and trained workforce. However, the Proposed Decision in its current form undermines this just transition of our workforce to a clean energy economy by harming the economic benefits which make sustainable expansion of that industry feasible.

For these reasons, the City of San Diego urges the Commission to adopt a Decision which provides greater incentives for the widespread adoption of solar plus storage, especially in communities of concern, and which does not undo the progress already made in guiding California to a 100 percent clean energy future.

Sincerely,

A handwritten signature in black ink, appearing to read "Todd Gloria". The signature is fluid and cursive, with a large initial "T" and "G".

TODD GLORIA  
Mayor  
City of San Diego