HAMMOND
CLIMATE SOLUTIONS
Dynamic Action for a Sustainable Planet

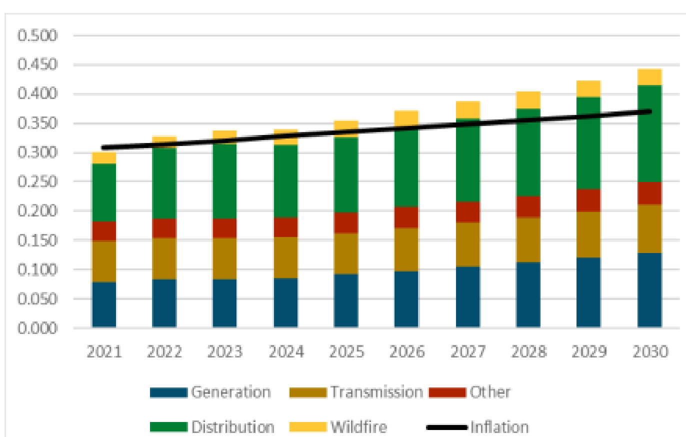
April 21, 2021

To the Utilities and Energy Committee of the California Assembly,

We would like to go on record as providing the committee with various studies and additional information in order to provide them with the information they stated they were not aware of in their analysis of Assembly Bill 1139 (AB 1139), introduced by Assemblymember Gonzalez. We completely disagree with the AB 1139 committee analysis issued this week that the study used to call net metering a subsidy isn't refuted.

Addressing the cost shift:

The cost-shift argument has been made by utilities across the United States in an effort to use solar as a catch-all for the millions of dollars in cost shifting the investor-owned utilities impose on their ratepayers. The utilities push this false narrative in order to protect profits. We have plenty of strategies to reduce cost shifts that would not result in local solar companies being forced to close their doors and lay off hundreds of local workers while hurting the 1,200,000 Californians with solar. We also have many ideas for how to make solar more accessible to all Californians, including renters, not less accessible as this bill does. The reality is, utilities are building more and more infrastructure, which they make profits on, and rates continue to skyrocket. The chart below shows the biggest components of their rates, including the cost for net energy metering (NEM). The chart below is taken from the [CPUC EN Banc Whitepaper] and it clearly shows the other cost components in rates that go far above NEM.



A report conducted by the Berkeley National Laboratory, [Financial Impacts of Net-Metered PV on Utilities and Ratepayers], found that higher levels of rooftop solar would hurt shareholder profits.

In the study [Putting the Potential Rate Impacts of Distributed Solar into Context,] conducted by the Lawrence Berkeley National Laboratory, data shows that until a state reaches around 10% solar penetration, there is no cost shift to ratepayers. California's investor owned utilities are nowhere near that mark, with SDG&E having the highest penetration at 5.5%. Furthermore, even in states where penetration has reached 10%, the cost shift is only 5/1,000 of a cent per kilowatt-hour. Ultimately, even at high rates of solar penetration, the effects on the bills of non-solar consumers are minimal. If the committee's concern is keeping rates from continuing to increase, there are other pieces that affect rates far more than net energy metering. The reality is that the effects of distributed solar on retail electricity prices are, and will continue to be, quite small compared to many other issues.

On page 5 of the committee's analysis, costs such as upgrades to transmission and distribution lines, wildfire mitigation and funding public purpose programs like electric vehicle charging and energy efficiency programs are listed as part of the cost of energy. The reality is that increased local distributed generation would reduce the need for new transmission and distribution lines and reduces the risks of wildfires from the long lines needed to bring utility-scale desert solar into our communities. Other public purpose programs, like SDG&E's Power Your Drive program, overspent on the program, resulting in a $25 million cost shift to ratepayers. These are the cost shifts that matter and should be evaluated, not clean energy which is shown to provide a net benefit to the grid and saves all ratepayers upwards of $473 billion dollars, according to the study, Why Local Solar For All Costs Less: A New Roadmap for the Lowest Cost Grid performed by Vibrant energy.

Finally, the committee's analysis states that solar customers "never pay for their support of the grid," which is false. The current solar agreement, net metering 2.0, known as NEM 2, has rules that established a minimum bill for every solar customer which the California Public Utilities Commission deemed as customers "fair share" of the grid.

Analysis of AB 1139 impacts:

The committee states that no analysis other than "it will kill the solar industry" has been brought forward and while that assumption about the devastating impact to the industry is true, a study conducted by the California Solar and Storage Association, as well as our analysis of how this bill will impact all ratepayers, including low-to-moderate income customers, may shed more light on how and why this bill will end the rooftop solar industry.

AB 1139 cuts savings for low-and-moderate income households who already have solar by increasing their payback from on average 11 years currently to over 45 years under the new rules proposed in this bill - this is 20 years longer than most systems have warranties. This payback is calculated with the 3.1c/kWh that this bill proposes for compensation for excess generation. Consumer bill savings would be so small that solar systems for low-and-moderate income consumers would need to be fully subsidized. We support the subsidies put aside in this bill to help deliver solar to this specific demographic, however those funds would deliver far fewer systems than what is built under the current NEM rules. The California Solar and Storage Association has calculated the number of low and moderate income projects supported by this bill by taking an average system size of 6 kW, with an assumed cost of $20,580. The $300 million in subsidies proposed by this bill would only cover the development of 15,000 solar homes per year in comparison to what is being installed under current NEM rules at 56,700, which is 75% of today's solar homes. The data is clear and shows how this bill completely guts the economics of going solar.

This bill and the committee's analysis states that their intent is to protect low income and **California** Alternate Rates for Energy (CARE) customers, however the people who would be most impacted by this bill is the 150,000 CARE customers who currently have solar, who would see their monthly bills increase by 3x times what they are paying now as a result of ending the 20-year grandfathering promised in the previous solar agreement, net metering 1.0, known as NEM 1, as well as the current solar agreement, NEM 2. Forcing these customers on to a new contract with added fees and reduced rates for compensation is unfair and creates a distrust in the state which have encouraged these customers to go solar because it will reduce their electricity bills.

The grid access fees that are proposed in this bill that outweigh the credits proposed in this bill would also impact the multifamily solar market whose tenants would be paying more with solar than they would be if their property never installed solar. Even if the upfront cost of the solar system was covered through subsidies in this bill, ratepayer-funded state rebate programs like the Solar on Multifamily Affordable Housing Program, or other incentives, renters would see their monthly utility bills increase by 60%, according to the same study performed by the California Solar and Storage Association.

The data shows that this bill creates negative economic impacts for rooftop solar, so while we appreciate the subsidies put forward in this bill, installing a free system that will increase monthly bills is a hard sell.

Analysis of the Verdant Associates Net-Energy Metering 2.0 Lookback Study:

The Verdant lookback study mentioned in the committee's analysis is flawed. According to comments taken directly from the study, the study fails to take into account a number of externalities, including health benefits fro, reduced criteria air pollution, the social cost of carbon, out of state methane leakage, land use benefits of reduced rooftop solar as opposed to utility scale desert solar and the costs associated with providing reliability and resilience to the grid, which I think everyone can agree, is not equal to zero, as the Verdant Study indicates.

In conclusion, the arguments that have been pushed by the utilities and now the committee, are not only flawed but fail to take into account the overall value of solar energy. A study performed by Environment America, The Value of Rooftop Solar Power for Consumers and Society, lists the benefits of net energy metering, which recognizes solar's role in reducing the amount of dirty energy needed and therefore, the pollutants emitted by those dirty energy sources. Climate change is real and so are the costs of climate change, which are estimated to be over $100 billion per year in California's Fourth Climate Change Assessment. NEM systems help fight climate change, which impacts low income, communities of color the worst. Our hope is that the committee will listen to the 48 community-based organizations, non profits, equity advocates, and climate justice organizations who oppose this bill by the committee meeting deadline to report opposition, all who have no financial gain from whatever decision is made in this committee or at the California Public Utilities Commission.

In addition to the billions of dollars of economic benefits California see from rooftop solar, it's also incredibly important because it plays such a pivotal role in reducing CO2 emissions, decreasing our reliance on fossil fuels, increases resiliency with the pairing of energy storage, helping to reduce Power Safety Shut Offs and ultimately reducing the environmental racism and the acceleration of the climate crisis that comes with the continued use of dirty energy. We are in a climate crisis and now is not the time to be taking clean energy solutions away from people for the benefit of fossil fuel companies and investor-owned utilities' shareholders.

We have many ideas to help bring solar to communities of concern and renters, help people in communities of concern get into apprenticeship programs, correct cost-shifting from the utilities and align rooftop solar and the Renewable Portfolio Standard to reduce rate pressure on customers. We would truly love to work with the Assembly on a bill that addresses all of these items, advances climate justice, reduces the impacts of the climate crisis and supports local, green jobs. There's a win-win out there for ratepayers and a survivable future but not when the investor-owned utilities' profits are the top priority.

Respectfully submitted,

Tara Hammond
Founder & CEO
Hammond Climate Solutions