INFORMATION CALENDAR
May 15, 2018

To: Honorable Mayor and Members of the City Council
From: Dee Williams-Ridley, City Manager
Submitted by: Timothy Burroughs, Director, Planning and Development Department
Subject: Referral Response: Consider CPUC Interconnection Applications

INTRODUCTION
The Department of Public Works submitted an application to Pacific Gas & Electric (PG&E) to provide the City with the option of using the original Net Energy Metering (NEM) rate or a newer NEM rate for the solar electric system being installed on the Center Street Garage.

NEM is a billing rate for solar customers that specifies that each kilowatt hour (kWh) produced on-site is valued at the same market rate as kilowatt hours the customer purchases from the utility. Using this billing rate, a solar customer can produce excess energy during the day, receive a credit for sending it to the grid, and then use that credit to pay for energy they purchase at night.

In 2016, the California Public Utilities Commission (CPUC) approved a new net metering rate, NEM 2.0. The primary change from NEM to NEM 2.0 is that a small portion of the electric bill can no longer be offset by excess production. While the original NEM rate is expected to be more advantageous, the interconnection application filed by the Department of Public Works allows the City the option to choose either rate when the garage is complete.

CURRENT SITUATION AND ITS EFFECTS
This report responds to a Council referral sponsored by Councilmember Worthington at the December 5, 2017, Council meeting, requesting the consideration of applying for interconnection agreements to provide flexibility in choosing the most advantageous rates for solar customers. Existing renewable energy systems that are owned and operated by the City of Berkeley are all under the original NEM rate and will be allowed to maintain that rate.

The Center St. Garage is currently under construction and would be subject to the new NEM 2.0 rate. In order for the Center Street Garage to be eligible for the original NEM rate, the City needed to submit an application specifying the make, model and quantity of all equipment, sensors, and switches, as well as single line drawings showing the
placement of all equipment, and how it will interact with PG&E’s meter. The application was submitted before the deadline of December 31, 2017.

BACKGROUND
On January 28, 2016, the California Public Utilities Commission (CPUC) approved a new net metering rate, NEM 2.0. The primary change from NEM to NEM 2.0 is that a small portion of the electric bill can no longer be offset by excess production. This new rate may be less advantageous to solar customers. To maintain the option of utilizing the original NEM rate, the City had to submit an application to PG&E by December 31, 2017. The original NEM rate enables the net energy metering to occur over the course of a month (rather than hourly net metering under the new rate), which has the potential to enable a solar PV system to generate more power and offset more use.

NEM 2.0 will run until 2019, at which point the CPUC will look at establishing a new program that is designed to account for the benefits of solar in different locations and at different times.

ENVIRONMENTAL SUSTAINABILITY
This is consistent with the City of Berkeley’s Environmental Sustainability goals, and the Climate Action Plan.

POSSIBLE FUTURE ACTIONS
Staff will regularly review the PG&E rates and determine whether NEM or NEM2 are preferable. When those accounts transfer to East Bay Community Energy, an additional rate analysis will be performed to determine the preferred rate.

FISCAL IMPACTS OF POSSIBLE FUTURE ACTION
The fiscal impact of possible future action is not known at this time.

CONTACT PERSON
Billi Romain, Interim Manager, Office of Energy and Sustainable Development, 510-981-7432

Attachment:

1. Council Referral from December 5, 2017, Applying for CPUC Interconnection Application
To: Honorable Mayor and Members of the City Council
From: Councilmember Kriss Worthington
Subject: City Manager Referral: Consider CPUC Interconnection Applications

RECOMMENDATION:
Refer to the City Manager consideration of applying for CPUC interconnection applications.

BACKGROUND:
Berkeley, being environmentally conscious, already has dynamic documents that it can draw from including comprehensive solar and sustainability plans. By already having a general framework and specific literature to reference, Berkeley is one of the few cities that can feasibly coordinate some response within this time period. Recently, the CPUC has approved a Time of Use eligibility window for improved electricity rates for public agencies that submit project "interconnection applications" by December 25. Given this relatively short turnaround time, other municipalities or public entities will have difficulty drafting such applications.

Moreover, by using this TOU price plan, there are not only ecological advantages, but economic benefits as well. By definition, a TOU price plan utilizes a flexible, sliding-rate scale, where prices accommodate peak and off-peak energy consumption; traditional utility prices having a set kilowatt-per-hour rate. Having this extra degree of price adjustability can help maximize fiscal savings for customers. These applications also pave the way for future investments in green innovation; prospective projects like Microgrid investment possessing positive ecological and societal impacts -- being clean photovoltaic energy converters that (unlike traditional solar panels) are capable of sustaining energy in the event of a disruption or grid failure--adding another layer of electric reliability.

FINANCIAL IMPLICATIONS:
Minimal.

ENVIRONMENTAL SUSTAINABILITY:
Consistent with Berkeley’s Environmental Sustainability Goals and no negative impact.

CONTACT PERSON:
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