Proposal for SMUD to Partner with Rooftop Solar Customers for a Clean Energy Future

SMUD committed to creating a stakeholder group of solar customers and community members to explore a new, fair NEM 2.0 (Net Energy Metering) proposal.

Approximately 22,000 (or 3.4%) of SMUD’s 635,000 customers currently generate solar energy from their property. SMUD serves the remainder of its customers’ energy needs mostly via gas-fired power plants and hydroelectric power. Three of its local gas-fired power plants are outdated and are harming public health in communities that already suffer from pollution and poverty: Coin Estates, and Colonial Village in the City of Sacramento; and in North Highlands.

By state law, SMUD must get 100% of its electricity from zero-carbon sources by 2045. SMUD’s Integration Resource Plan (IRP) identifies a goal of 350,000 metric tons to achieve local net-zero scenario by 2050. SMUD’s praiseworthy, publicly-stated desire to provide environmental leadership is to move this date to 2040. However, electricity demand will increase as customers switch to electric vehicles and SMUD fulfills its electrification goal.

This means SMUD must quickly transition from natural gas-fueled systems to achieve statewide clean energy and climate goals. It follows that SMUD will develop and invest in non-polluting electricity sources, and update and possibly expand its transmission and distribution infrastructure. SMUD’s use of carbon credits to achieve this goal is unacceptable.

SMUD’s current plans to meet future energy needs do not leverage contributions from customers who make and store solar energy at home and at work. This is a missed opportunity to lower costs and minimize investments in power lines and central-station power plants, to reduce local air pollution and climate emissions and protect public health, and to give low-income, disabled and medically vulnerable residents the tools to plan and install clean local power that can serve them during planned power outages or disasters. We believe that SMUD can and must do better.
We propose that SMUD acknowledge the importance of partnering with its customers in the development and sharing of clean energy strategies to make Sacramento an economically thriving and environmentally cutting-edge community, and make good on that intention through the following actions:

1) **Embrace the future and lead the way.** Update SMUD’s long range plan to achieve 100% carbon-free electricity, without buying carbon offset credits, ahead of the state-mandated 2045 deadline. This update shall include the community in developing and executing the plan, partnering with local governments, regional transit, businesses, universities and community organizations and SMUD’s own Solar Customer-Generators in decarbonizing the economy.

2) **Identify opportunities to use clean, distributed-energy resources** like solar, solar energy storage and energy efficiency programs to help SMUD maintain reliable service while
   • Avoiding costly upgrades to the transmission and distribution systems;
   • Replacing the aging fossil-fuel power plants in disadvantaged communities;
   • Increasing the community’s ability to maintain power during emergencies and outages, especially for disabled and medically vulnerable residents.

3) **Encourage its customer-owners to invest in customer-sited solar and storage by establishing a value for exports** that takes into account all its full benefits, including grid savings, environmental and public health benefits.

4) **Set ambitious goals and timelines for solar and storage adoption among SMUD customers,** and establish supporting policies like these:
   a) **Adopt rate structures** that encourage more customers to adopt solar and storage systems, especially low-income, disabled, medically vulnerable and historically disadvantaged customers, and critical community facilities such as schools, health clinics, hospitals and fire stations.
   b) **Improve net metering rules to allow renters to be credited for on-site solar and storage,** and generally allow entities that have multiple electric meters on the same property to make use of solar net metering.
   c) **Do no harm** by avoiding discriminatory charges on customers who self-generate and store clean energy and by encouraging a free and thriving solar market in Sacramento by not exercising the power of a monopoly and by encouraging customer choice.
   d) **Reduce red tape** by working with municipal governments to streamline the interconnection and permitting processes as much as possible.

5) **Prioritize predictability for ratepayers who invest their own resources in clean self-generation and storage.** Net metering has been an important and fair policy for SMUD’s customers. Any changes should be made to promote the adoption of solar and storage. However, some form of net metering should be available for people who do not intend to install storage. Existing NEM customers should be allowed to Grandfather in the NEM rate they signed on for when **Proposal for SMUD to Partner with Rooftop Solar Customers for a Clean Energy Future**
future changes to NEM are adopted.

6) **Create an incentive for solar energy producers to shift their electricity use to avoid exporting power.** This is currently missing from the current rate structure.

7) **Support the development of community solar plus storage projects** that are complementary to SMUD’s voluntary green energy program and address gaps in participation by low-income and other underserved customers.

The dangers posed by climate change require SMUD to reduce its emissions of greenhouse gases caused by fossil fuel generation to 350,000 metric tons without impairing the reliability of its service. Rooftop solar and storage will help SMUD achieve this goal. Therefore, SMUD should promote the use of its increasingly renewable energy mix to replace oil and natural gas.

This proposal prioritizes SMUD’s investment in greenhouse gas-free energy efficiency measures and decentralized solar and storage. Additionally, it helps SMUD achieve the long-range vision it has set and is consistent with SMUD’s vision and policies.

We strongly recommend SMUD adopt this proposal to power forward, together.

Respectfully submitted,

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