



Valerie J. Winn  
Manager

77 Beale Street, B10C  
San Francisco, CA  
94105

State Agency Relations

(415) 973-3839  
(415) 973-7226 Fax  
vjlw3@pge.com

<b>DOCKET</b>
<b>12-IEP-1D</b>
DATE _____
RECD. <u>APR 20 2012</u>

Dear Ms. McGovern:

Recently, you submitted comments to the California Energy Commission (“CEC”) on the benefits of net energy metering (“NEM”) of solar energy. PG&E has been a leading utility in the solar industry for several years, in large part because of the popularity of solar energy with our customers. More than 62,000 of our customers have installed over 600 MW of solar generation at their homes or businesses and almost all of them take advantage of our NEM program.

PG&E has consistently supported the NEM program and our customers’ desire to pursue environmentally beneficial energy actions. The California Public Utilities Commission (“CPUC”) and the legislature have recognized that NEM is a program that is subsidized by customers who either choose not to or cannot participate in the program. This is because the cost to serve net energy metered customers typically exceeds what they pay to the utility over the course of a year.

Thus, when the legislature implemented net metering, some cost protection for other customers was included. First, the legislation requires the solar installation be designed to meet “all or part” of the participating customer’s load. For this reason, you cannot add solar panels under the net metering program beyond what you need for your own use. If your solar installation happens to produce more electricity than you need during the course of the day, every exported kWh gets credited at the full retail rate – \$0.14 to \$0.35 – depending on your cumulative monthly consumption. If you generate more power than you consume over the course of a year, PG&E will compensate you for the annual excess generation at a rate that matches the costs the company saved from not procuring those extra kWh. That is the \$0.04 per kWh figure mentioned in your comments. This value was determined by the CPUC and is based on the market value of the electricity. Once the CEC develops a means of tracking and counting the electricity, the compensation will then be increased to reflect the renewable nature of the net exports.

Separate from the NEM program, PG&E has several other programs that support private development of solar generation. PG&E offers a feed-in tariff for installations up to 3 MW in size, a renewable auction mechanism for installations up to 20 MW, a special program for solar installations between 2 MW and 20 MW, and periodic requests for proposals to meet the Renewables Portfolio Standard. Generally, residential customers find that the net metering program is best suited for their needs. Should you be interested in becoming a wholesale electric generator, more information can be found at <http://www.pge.com/rfo/>.

We hope this is informative and helpful. If you have any further questions, feel free to call me at 415.973.3839.

Valerie Winn  
Manager, State Agency Relations  
PG&E