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March 10, 2020

The Honorable Ben Hueso, Chair
Senate Committee on Energy, Utilities & Communications
State Capitol, Room 4035
Sacramento, CA 94249-0001

RE: SB 953 (Wiener) – OPPOSE

Dear Chair Hueso:

San Diego Gas & Electric (SDG&E) opposes SB 953. The bill would require the California Public Utilities Commission (CPUC) to ensure that customers with solar and/or battery storage sited on the customer side of the electric meter are not subject to “discriminatory fees or charges levied as a result of installing or using those customer-sited renewable energy or energy storage systems.”

SDG&E agrees with the principle that all customers should be treated equally, and believe it is not discriminatory to have equitable allocation of costs. SB 953 disregards the existing cost-shift whereby customer-sited solar customers shift approximately \$500 million to non-participating, non-solar, working families in the SDG&E service territory. Put another way, 85% of SDG&E customers pay \$500 million more on their utility bills than they should.

SB 953 would restrict the CPUC’s ability to redesign Net Energy Metering (NEM) or other customer tariffs to address the ballooning cost-shift, precluding establishment of equitable, non-discriminatory rates for all customers. SB 953 will preclude an important ratemaking discussion at the CPUC and would instead result in a continued NEM, or successor tariff cost shift by restricting the CPUC’s ability to design a rate that accurately reflects the costs a NEM customer incurs. Despite existing law’s requirement against cost-shifting, the cost-shift associated with the existing NEM program has been growing at a rate of roughly \$4 to \$8 million every month since September of 2016. In effect, SB 953 would prevent the CPUC and other stakeholders from considering rate design proposals that better reflect cost of service.

SB 953 would cement the rate inequities that exist today for the benefit of a few. Customers with customer-sited solar (and increasingly, paired with energy storage) enjoy multiple ratepayer-funded incentives. Under the Self-Generation Incentive Program, the state’s ratepayers will collectively provide over \$800 million in subsidies for customer-sited battery storage. Under the NEM tariff, customers enjoy retail rate compensation for energy produced by their systems. This renewable energy is roughly 5 times more expensive than what utilities can purchase from larger renewable energy facilities. The statewide NEM cost-shift is estimated to be approximately **\$2 billion**. For comparison, these incentives dwarf the financial support provided for low-income customers participating in the low-income assistance program, or California Alternate Rates for Energy (CARE), which is roughly \$114 million annually. The Legislature should take steps that result in the elimination of the cost-shift. SB 953 does not do this, and in fact, arguably works to cement the current inequities, to the detriment of San Diego ratepayers.

To protect San Diego ratepayers for the reasons described above, SDG&E must oppose SB 953 and request your “**NO**” vote. Should you have any questions about our position please contact me at 916-956-5396 or ISalas@semprautilities.com.

Sincerely,

c: Honorable Members, Senate Committee on Energy,
Utilities & Communications
The Honorable Scott Wiener
Ms. Nidia Bautista

Mr. Kip Lipper
Ms. Kerry Yoshida
Mr. Eric Dietz
Ms. Rachel Wagoner

Mr. Myles Horton