TO: East Bay Community Energy Board of Directors

FROM: JP Ross, VP of Local Development, Electrification, and Innovation
Kelly Brezovec, Sr Manager of Account Services

SUBJECT: Recommendations to Update the Net Energy Metering Policy, Effective April 2021

DATE: March 17, 2021

Recommendation

Adopt a resolution to Approve the Proposed Update to the Net Energy Metering Policy, Effective April 2021

Background

The initial NEM Policy was adopted on February 21, 2018, followed by an amendment to the NEM Policy to clarify language in the tariff and add an additional step in calculating the annual cash-out for our “Existing NEM” customers on February 20, 2019. At its December 16, 2020 meeting, the Board of Directors adopted an update to the Net Energy Metering (NEM) Policy to include the new communities of Tracy, Pleasanton, and Newark, while otherwise maintaining the existing policy. Last month, at the February 17, 2021 meeting, staff presented NEM policy recommendations as an informational item. The proposed updated Policy, which is attached to the proposed Resolution as Exhibit B, includes considerations from the February 17 Board meeting.

EBCE’s NEM Policy has always included one major difference from PG&E’s Policy. PG&E, for the most part, has NEM customers on an annual true-up, meaning that customers accrue debt for under-generation and credits for over-generation over the course of a 12-month cycle. EBCE does not hold on to that debt resulting from under-generation from month to month; rather, if a customer under-generates, EBCE will
bill them for their usage. EBCE does carry over over-generation credits from month-to-month. Our cycle for over-generation credits is April to April for all customers.

This latest iteration of the NEM Policy considers what staff has learned about our NEM Policy and how it affects our customers and our overall programmatic goals. In the analysis below, staff has noted that most of our review was focused on those customers with a full 12 months of usage at the time of the April 2020 true-up, which is roughly one-third of the total NEM population. The focus was on this population because self-generation and usage is often seasonal in nature, so a full cycle of usage is necessary to understand customer generation and usage patterns. We used the results of the full year analysis to estimate impacts across all NEM accounts.

Today EBCE serves nearly 30,500 NEM customers, with 70% of those being residential customers that had an interconnection date, or a solar start-date, prior to April 1, 2018, when EBCE started service. NEM customers account for 5% of EBCE’s total customer count. These totals are shown below in Table 1.

Table 1: EBCE NEM customer counts by customer and NEM customer type

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Total Count</th>
<th>Count with 12 Month History in April 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>New NEM Residential</td>
<td>7,013</td>
<td>2,156</td>
</tr>
<tr>
<td>New NEM Non-Residential</td>
<td>224</td>
<td>140</td>
</tr>
<tr>
<td>New NEM Low-income/Municipal</td>
<td>512</td>
<td>163</td>
</tr>
<tr>
<td>Existing NEM Residential</td>
<td>21,951</td>
<td>7,230</td>
</tr>
<tr>
<td>Existing NEM Non-Residential</td>
<td>776</td>
<td>268</td>
</tr>
</tbody>
</table>

Discussion

To review, the current NEM Policy offers different terms based on three customer types: “Existing NEM,” “New NEM,” and “Low Income and Municipal NEM,” as follows:
## Table 2: Current NEM Offerings

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>NEM + Customer Description</th>
<th>Monthly Settlement per kWh</th>
<th>Annual Settlement per kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Existing NEM</strong></td>
<td><strong>Original Jurisdictions:</strong> Interconnection date prior to 6/1/2018</td>
<td>Retail*</td>
<td>Net Surplus Compensation (NSC)**</td>
</tr>
<tr>
<td></td>
<td>2021 Expansion Jurisdictions: Interconnection date prior to 4/1/21</td>
<td></td>
<td></td>
</tr>
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<td><strong>New NEM</strong></td>
<td><strong>Original Jurisdictions:</strong> Interconnection date after 6/1/2018</td>
<td>Retail*</td>
<td>The greater of retail capped at $2,500 or NSC</td>
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<td></td>
</tr>
<tr>
<td><strong>Low Income and Municipal NEM</strong></td>
<td><strong>Original Jurisdictions:</strong> Interconnection date after 6/1/2018 and identified as low income or municipal</td>
<td>Retail* + $0.01</td>
<td>Retail + $0.01</td>
</tr>
<tr>
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<td>2021 Expansion Jurisdictions: Interconnection date after 4/1/21 and identified as low income or municipal</td>
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</table>

*Equivalent to the generation rate you are charged by EBCE

**Existing NEM customers also go through a “sweep” at the April cash out period to ensure that they are doing just as well financially with EBCE’s monthly true up as they would have on PG&E’s annual true up.

EBCE staff has been evaluating the benefits of the current Policy and has found that the NEM Policy has not resulted in additional solar being installed on our customers’ homes and businesses.

The evidence for this comes from three separate evaluations:

1. Growth rates between similar cities with and without EBCE’s NEM Policy show similar growth across cities
2. A customer survey that found that EBCE’s NEM Policy did not influence customer’s decision to purchase their solar system
3. A predominant solar quoting tool, Energy ToolBase, does not factor EBCE’s retail NEM policy into customer solar quotes

EBCE reviewed solar installations across the service territory to understand growth rates of solar before and after EBCE started service in 2018 and instituted the extra retail compensation for new solar installations. We focused the evaluation on cities with similar climate to the new communities that did not have access to EBCE’s NEM Policy. The analysis, shown below, indicates that solar installations (normalized by population) have been similar across cities regardless of access to EBCE’s retail compensation for excess production.

![Figure 1: Solar installations across existing and new communities](image)

We also wanted to understand if our customers’ decisions to purchase solar was influenced by EBCE’s NEM Policy. EBCE sent out a survey to 250 solar customers who installed their solar system after June 1, 2018 and are receiving the cash-out benefit level applicable to New NEM customers. The results of the survey indicate that purchasing decisions were not influenced by EBCE’s NEM Policy, with the vast majority (89%) indicating that EBCE’s NEM Policy had no impact on their decision to purchase a solar system.
Additionally, EBCE’s current NEM Policy is not providing the correct pricing signal to customers. Paying a higher amount for solar production above annual consumption is not incentivizing the right outcome for EBCE or its customers since a customer only gets this extra payment once their solar system generates more than they use. This is uneconomic for customers because they are not being compensated for full retail rate, only the Generation charges (not Transmission and Distribution charges). Generation charges are lower than the cost of solar and therefore customers will still be losing money even with EBCE’s retail compensation.

The Policy is also not economic for non-participating EBCE customers. This is because EBCE is paying full retail generation rates to these customers when the market price for wholesale generation is at its lowest, during the middle of the day when wholesale solar generation costs are driving down wholesale market prices (sometimes below $0/MWh). Therefore, EBCE is paying significantly more for NEM generation than we can purchase from similarly clean sources.

**Proposed 2021 NEM Policy**
As stated in the recommendations, staff proposes that the Board adopt a new NEM Electric Schedule Policy, as shown in Table 3 and included in full in Exhibit C to the proposed Resolution.

Table 3: Proposed NEM offerings beginning April 1, 2021

<table>
<thead>
<tr>
<th>Customer definition by date of NEM system installation and location:</th>
<th>Bill Credit Amount</th>
<th>Annual Payout Credit per kWh</th>
<th>Original Jurisdictions</th>
<th>2021 Expansion Jurisdictions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Standard EBCE NEM Customer</td>
<td>Retail*</td>
<td>PG&amp;E Net Surplus Compensation (NSC)**</td>
<td>Anytime</td>
<td>Anytime</td>
</tr>
<tr>
<td>---------------------------</td>
<td>--------</td>
<td>--------------------------------------</td>
<td>--------</td>
<td>--------</td>
</tr>
<tr>
<td>Legacy Municipal NEM Customer</td>
<td>Retail* + $0.01</td>
<td>Retail* + $0.01</td>
<td>Interconnected 6/1/2018 - 4/1/2021</td>
<td>N/A</td>
</tr>
<tr>
<td>CARE/FERA EBCE NEM Customer</td>
<td>Retail* + $0.01</td>
<td>Retail* + $0.01</td>
<td>Interconnected starting 6/1/2018</td>
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*Equivalent to the generation rate you are charged by EBCE
**EBCE NEM customers will also go through a “sweep” at the April cash out period to ensure that they are doing just as well financially with EBCE’s monthly true up as they would have on PG&E’s annual true up.

As mentioned below in Figure 3, EBCE’s current NEM customers will go through the April 2021 cash-out based on the current NEM Policy, and then would transition to the new EBCE NEM Policy.

![Timeline of NEM Policies from April 2018 to April 2021 and forward](image)

**Discussion of Proposed EBCE NEM Policy**

Customers formerly part of the “Legacy NEM” cohort and “New NEM” will now receive the Standard EBCE NEM offering. The Standard EBCE NEM Policy will have the same terms as currently applicable to Existing NEM customers under the current NEM Policy, including the NEM sweep function. The sweep has been cumbersome to implement,
and staff is working to speed the process to complete the annual cash-out in a timely manner.

Upon approval by the Board, staff will communicate the updated EBCE NEM Policy to impacted customers and update our website and tariff appropriately.

Discussion of NEM Low-income and Municipal Policy

EBCE’s current NEM Low Income and Municipal policy provides customers an extra $0.01 on top of the retail rate for extra generation, which is then also provided upon cash-out. EBCE does not recommend changing the NEM policy terms applicable to existing NEM Low Income and Municipal customers, but the proposal does include closing to new municipal enrollments. Staff recommends maintaining the Low-Income policy, renamed CARE/FERA EBCE NEM, for all eligible low-income customers that interconnect their systems after EBCE was launched in their community. This will have the same financial benefit as the current low-income policy. EBCE will assess enrollment based on customer and NEM system characteristics at least once annually.

EBCE can divert funds from the municipal NEM policy to local resilience programs that target municipal customers. In addition, EBCE is currently running programs to support solar and storage for all customers; our Resilient Home and municipal critical facilities programs are both available to all EBCE customers and participating cities and have a focus on delivering solar and storage to low-income and residents of multi-family affordable housing.

Today, EBCE has just over 500 customers receiving this extra benefit, 98% of which are low-income customers. Of these, 163 customers had a full 12 months of usage in April 2020. In total, these customers received a total cash out of $10,657 as seen in Table 4 below. Since the 12-month population is about one-third of the total low income and municipal population, staff would expect to pay this population about $30,000 in future years.

Municipal customers received an average cash out of $187 and low-income customers received an average cash out of $60. There were only two municipal customers that received a cash out in 2020.

Table 4: Cash outs for municipal and low income NEM customers with 12 months of usage

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Total cash out</th>
<th>Average cash out</th>
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<tbody>
<tr>
<td>Municipal</td>
<td>$1,311</td>
<td>$187</td>
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<td>Total</td>
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<td>$65</td>
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**Financial Impacts**

By shifting the New NEM customers from the terms of the current NEM Policy to the terms in the proposed Standard EBCE NEM Policy, EBCE expects to save approximately $600,000 from existing New NEM customers. Under the current policy the cash-out terms for New NEM customers, for just the 12-month only customers, resulted in $245,000 in cash-outs. Staff estimates the NSC-based cash-out at about $45,000. Moving the New NEM customer group to the Standard EBCE NEM Policy will then save EBCE $200,000. Since the 12-month only population is about one-third of the total population, staff estimates the total savings at $600,000. The 12 month-only positive cash-out balance is shown below in Figure 4. On average, EBCE will save $70 per residential customer and $330 per non-residential customer. Staff expects to see 5,500 additional NEM interconnections by the end of 2021 across all communities. Assuming that the bulk of these are residential, the Standard EBCE NEM Policy will keep an additional $385,000 with EBCE at the 2022 cash-out.

![Figure 4: New NEM cash out](image)

EBCE will evaluate how these savings will best serve EBCE customers through the annual budgeting process.

SMUD will charge approximately $53,000 to facilitate the updates to the Policy and improvements to the NEM sweep calculation. This amount will come from the budget for Data Manager in the approved budget for Fiscal Year 2020/2021, originally $300,000. There remains sufficient budget to cover this cost.
Attachment

A. NEM Policy Update PPT
B. NEM Policy Update Resolution
C. EBCE NEM Electric Schedule Policy 6.5
## NEM Programs Today

<table>
<thead>
<tr>
<th>Customer Type</th>
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*Equivalent to the generation rate you are charged by EBCE

**Existing NEM customers also go through a “sweep” at the April cash out period to ensure that they are doing just as well financially with EBCE’s monthly true up as they would have on PG&E’s annual true up.*
## Proposed NEM Policy Beginning April ‘21

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Bill Credit Amount</th>
<th>Annual Payout Credit per kWh</th>
<th>Original Jurisdictions</th>
<th>2021 Expansion Jurisdictions</th>
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<tbody>
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<td>Standard EBCE NEM Customer</td>
<td>Retail*</td>
<td>PG&amp;E Net Surplus Compensation (NSC)**</td>
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</tr>
<tr>
<td>Legacy Municipal NEM Customer</td>
<td>Retail* + $0.01</td>
<td>Retail* + $0.01</td>
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*Equivalent to the generation rate you are charged by EBCE

**EBCE NEM customers will also go through a “sweep” at the April cash out period to ensure that they are doing just as well financially with EBCE’s monthly true up as they would have on PG&E’s annual true up.
Financial Impact of Updating NEM

• Current New NEM cash out (customers w/12-month of data) = $245,000/yr savings

• Staff estimates the NSC-based cash-out = $45,000

• Moving existing accounts to the new Standard EBCE NEM will save EBCE $200,000 for this population (about one-third of the total population), therefore we estimate the total savings at $600,000

• EBCE will pay SMUD $53k for automating the NEM sweep true-up process and changing the NEM policy

EBCE will evaluate how these savings will best serve EBCE customers through the annual budgeting process.
EBCE NEM Recommendations

1. Complete the April 2021 Net Energy Metering (NEM) cash-out under the current policy.

2. After the April ‘21 cash-out, move New NEM and Existing NEM customers to Standard EBCE NEM.

3. Close enrollments to Municipal NEM. Current municipal customers will continue to receive the benefit as the Legacy Municipal NEM. Municipal customers are encouraged to participate in new resilience programs specific to municipal customers.

4. Rename Low-Income NEM to "CARE/FERA EBCE NEM" for CARE/FERA customers that interconnect their systems after EBCE launched in their community.
EBCE currently has 3 different NEM programs based on customer type and solar interconnection date

• Multiple programs are confusing for customers and operationally complex for EBCE

• The additional compensation for New NEM customers, at Retail rates, that have purchased solar after EBCE enrollment is costing EBCE ~$600k/year more than the equivalent NEM offering from PG&E and customers are not aware of this program
EBCE and PG&E NEM Programs

<table>
<thead>
<tr>
<th>Feature</th>
<th>EBCE</th>
<th>PG&amp;E</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accrue credits on the applicable retail rate, roll-over from month-to-month</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Cash-out/true-up at the Net Surplus Compensation rate per kWh</td>
<td></td>
<td>✔</td>
</tr>
<tr>
<td>Annual true-up, debt for usage in excess of generation is held month-to-month</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Monthly true-up, debt for usage in excess of generation is billed</td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

Attachment Staff Report Item 15A
EBCE NEM Policy is not Increasing Solar

- Staff evaluated efficacy of NEM policy and determined that additional payments for NEM are not impacting installations
  1. Growth rates between similar cities with and without EBCE’s NEM Policy show similar growth across Cities
  2. A customer survey that found that EBCE’s NEM Policy did not influence customer’s decision to purchase their solar system
  3. A predominant solar quoting tool, Energy ToolBase, does not factor EBCE’s retail NEM policy into customer solar quotes

![Graph of NEM Policy Impact over Time]

- New NEM Survey Responses
  1. Increased interest, 9%
  2. Decreased interest, 2%
  3. No impact, 89%
EBCE Low Income and Municipal NEM Policy

• EBCE does not recommend changing this policy for existing customers.

• Staff proposes closing it to new municipal enrollments and creating a CARE/FERA NEM policy for all low income NEM customers that have an interconnection date after EBCE service launched in their territory.

• EBCE is currently running programs to support solar and storage for all customers; our Resilient Home and municipal critical facilities programs are both available to all EBCE customers and participating Cities.

• Current participation (as of April 2020):

<table>
<thead>
<tr>
<th>Customer Class</th>
<th>Total Customer Count</th>
<th>Total Customer Count with positive balance</th>
<th>% with positive balance</th>
<th>Customer Count (12 months of usage)</th>
<th>Customer Count with positive balance (12 months of usage)</th>
<th>% with positive balance (12 months of usage)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Municipal</td>
<td>10</td>
<td>2</td>
<td>20%</td>
<td>7</td>
<td>2</td>
<td>29%</td>
</tr>
<tr>
<td>Low-income</td>
<td>502</td>
<td>250</td>
<td>50%</td>
<td>156</td>
<td>76</td>
<td>49%</td>
</tr>
<tr>
<td>Total</td>
<td>512</td>
<td>252</td>
<td>49%</td>
<td>163</td>
<td>78</td>
<td>48%</td>
</tr>
</tbody>
</table>
Financial Impact of Draft 2021 NEM Policy

2020 New NEM Cash-out and 2021 Estimate (12 Month Usage Only)

- Non-residential: $77,230 (New NEM), $13,705 (2021 NEM)
- Residential: $167,962 (New NEM), $30,686 (2021 NEM)
EBCE Low Income and Municipal NEM Policy

- Current cash out (12 months of usage only) = $10,657

- Since the 12 month population is about one-third of the total low income and municipal population, staff would expect to pay this population about $30,000 in future years.

April 2020 cash out for low income and municipal customers with 12 months of usage

<table>
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</tbody>
</table>
Timeline for Current and Proposed Policies

- Program 1: Existing NEM customers receive cash-out at NSC
- Program 2: New NEM customers receive cash-out at retail
- Program 3: New NEM low-income and municipal customers cash-out at retail + $0.01

Program 1: Existing NEM customers enrolled throughout 2019, cash-out at NSC (like PG&E)

EBCE start: April 2018
April 2019 first cash-out
April 2020 cash-out
April 2021 cash-out based on December 2020 policy

Standard EBCE NEM program
CARE/FERA EBCE NEM program—qualified customers with interconnection date after EBCE service start in their territory
Legacy Municipal NEM: Current municipal participants remain, closed to new municipal
RESOLUTION NO. __
A RESOLUTION OF THE BOARD OF DIRECTORS
OF THE EAST BAY COMMUNITY ENERGY AUTHORITY APPROVING AN AMENDED NET
ENERGY METERING POLICY__

WHEREAS The East Bay Community Energy Authority (“EBCE”) was formed as a
community choice aggregation agency (“CCA”) on December 1, 2016, Under the Joint
Exercise of Power Act, California Government Code sections 6500 et seq., among the
County of Alameda, and the Cities of Albany, Berkeley, Dublin, Emeryville, Fremont,
Hayward, Livermore, Piedmont, Oakland, San Leandro, and Union City to study,
promote, develop, conduct, operate, and manage energy-related climate change
programs in all of the member jurisdictions. The cities of Newark and Pleasanton,
located in Alameda County, along with the City of Tracy, located in San Joaquin
County, were added as members of EBCE and parties to the JPA in March of 2020.

WHEREAS The Board of Directors approved an initial Net Energy Metering
Policy on February 21, 2018, and amended Policies on December 5, 2018, February 20,

WHEREAS Subsequent survey and analysis of NEM participation indicated that
the NEM Policy requires an update to reflect customer photovoltaic installations in our
territory.

WHEREAS EBCE will continue to offer NEM programs that offer cash-out options
for over-generation.

WHEREAS EBCE will continue to encourage the adoption of distributed
generation resources when coupled with battery storage, which provides increased
benefits for both the customer and EBCE.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE EAST BAY COMMUNITY
ENERGY AUTHORITY DOES HEREBY RESOLVE AS FOLLOWS:

Section 1. The current Policy will remain in place through the April 2021 cash-
out for current NEM customers.

Section 2. On April 1, 2021 the New NEM program will be closed for new
participants. Existing participants will transition to the EBCE NEM program with the
start of their April to May bill cycle.

Section 3. The current municipal participants in the New Low-
income/Municipal program will retain their program status. The program is closed to
new participants.
Section 4. Low-income customers that have interconnection dates that fall on or after EBCE started service in their territory are enrolled in the CARE/FERA EBCE NEM program, which provides enhanced financial benefits.

ADOPTED AND APPROVED this 17th day of May, 2021.

__________________________________________
Dan Kalb, Chair

ATTEST:

__________________________________________
Adrian Bankhead, Assistant Clerk of the Board
East Bay Community Energy Net Energy Metering Policy 6.5

ELECTRIC SCHEDULE NEM - NET ENERGY METERING SERVICE

APPLICABILITY: This net energy metering (NEM) schedule is applicable to a customer who uses an eligible Renewable Electrical Generation Facility, as defined in PG&E’s Electric Schedule NEM (http://www.pge.com/tariffs), within the capacity limits described in PG&E’s Electric Schedule NEM that is located on the customer’s owned, leased, or rented premises, is interconnected and operates in parallel with PG&E’s transmission and distribution systems, and is intended primarily to offset part or all of the customer’s own electrical requirements (hereinafter “eligible customer generator” or customer”).

This rate schedule is available on a first-come, first-served basis to customers that provide PG&E with a completed PG&E NEM Application and comply with all PG&E NEM requirements as described in PG&E Electric Schedule NEM. This includes customers served by NEMV (Virtual Net Energy Metering), NEMVMASH (Virtual Net Energy Metering for Multifamily Affordable Housing), NEMA (NEM Aggregation) and Multiple Tariff facilities as described by PG&E Electric Schedule NEM.

DEFINITIONS:
Original Jurisdictions: Cities of Albany, Berkeley, Dublin, Emeryville, Fremont, Hayward, Livermore, Oakland, Piedmont, San Leandro, Union City and the unincorporated area of Alameda County

2021 Expansion Jurisdictions: Cities of Newark, Pleasanton, and Tracy

Customer definition by date of NEM system installation and location:

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<tr>
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<td>CARE/FERA EBCE NEM Customers</td>
<td>After 6/1/2018</td>
<td>After 4/1/2021</td>
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TERRITORY: The entire EBCE service area.

RATES: All rates charged under this schedule will be in accordance with the eligible customer generator’s otherwise-applicable EBCE rate schedule (OAS), which includes their rate schedule and EBCE service level (i.e. Bright Choice, Brilliant 100, or Renewable 100). An eligible customer-generator served under this schedule is responsible for all charges from its OAS including monthly minimum charges, customer charges, meter charges, facilities charges, demand charges and surcharges, and all other charges owed to EBCE or PG&E. Charges for energy (kWh) supplied by EBCE, will be based on the net metered usage in accordance with this tariff.

BILLING: Customers with NEM service will be billed as follows:

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a) For a customer with Non-Time of Use (TOU) Rates:
Any net consumption or production shall be valued monthly as follows:
If the eligible customer-generator is a “Net Consumer,” having overall positive usage over a billing cycle, the eligible customer-generator will be billed in accordance with the eligible customer-generator’s OAS.

If the eligible customer-generator is a “Net Generator,” having overall negative usage over a billing cycle, any net energy production shall be valued at the OAS plus any additional incentive payment as applicable (e.g. for new installations at low income or municipal accounts). The calculated value of any net energy production shall be credited to EBCE customers as described in Section (c).

b) For a customer with TOU Rates:

If the eligible customer-generator is a Net Consumer (as defined above) during any discrete TOU period, the net kWh consumed during such period shall be billed in accordance with applicable TOU period-specific rates/charges, as described in the eligible customer-generator’s OAS.

If the eligible customer-generator is a Net Generator (as defined above) during any discrete TOU period, the net kWh produced during such period shall be valued in consideration of the applicable TOU period-specific rates/charges, as described in the eligible customer-generator’s OAS, plus any additional incentive payment as applicable (e.g. for new installations at low income or municipal accounts). The calculated value of any net energy production during a specific TOU period shall be credited to EBCE customers as described in Section (c).

c) Monthly Settlement of EBCE Charges/Credits:

NEM customers will receive a statement in their monthly PG&E bills indicating any accrued charges for their usage during the current billing cycle. Customers who have accrued credits during previous billing cycles will see these credits applied against current charges. Any remaining balance is due and must be paid during each monthly billing cycle.

When a customer’s net energy production results in a net bill credit over a billing cycle, the value of any net energy production during the billing cycle shall be noted on the customer’s bill and carried over as a bill credit for use in subsequent billing period(s).

<table>
<thead>
<tr>
<th>Monthly settlements are valued as follows based on customer definition:</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Customer Type</td>
<td>Bill Credit per kWh</td>
</tr>
<tr>
<td>Standard EBCE NEM Customer</td>
<td>Retail*</td>
</tr>
<tr>
<td>Legacy Municipal NEM Customer</td>
<td>Retail* + $0.01</td>
</tr>
<tr>
<td>CARE/FERA EBCE NEM Customer</td>
<td>Retail* + $0.01</td>
</tr>
</tbody>
</table>

*Equivalent to the generation rate you are charged for power received from EBCE

d) EBCE Annual Cash-Out:

During the April billing cycle of each year, all current Standard EBCE NEM customers with a cash-out credit balance of more than $100 will be offered a direct payment by check for this balance. Any cash-out credit balance will be determined as of the final date of the customer’s March- April billing Cycle (i.e. the first bill period ending on or after April 1). Customers who participate in the EBCE Cash-Out or transfer process will have an equivalent credit removed from their NEM account balance at the time of check issuance or transfer. In the event that...
customer’s credit balance is less than $100, such credits will continue to be tracked by EBCE and will remain on the customer’s account for future use (i.e., reduction of future EBCE charges).

Customers who close their electric account through PG&E or move outside of the EBCE service area prior to the April billing cycle of each year are also eligible for the annual EBCE Cash-Out process.

EBCE will, at least once each year, conduct an audit of the CARE/FERA NEM customers to ensure that eligible CARE/FERA NEM customers are included in the CARE/FERA NEM program.

Annually in May, EBCE will review the financial outcomes of the Standard EBCE NEM Customers that have 1) been billed for retail charges by EBCE in the prior 12 months and 2) held a positive NEM balance ($) in April. EBCE will assess whether these accounts would have had better financial outcomes on PG&E service, and if so, issue a credit or check for the difference. This applies to all rates schedules and service levels.

Annual cash-out credits are valued as follows:

<table>
<thead>
<tr>
<th>Customer Type</th>
<th>Annual Payout Credit per kWh</th>
</tr>
</thead>
<tbody>
<tr>
<td>Standard EBCE NEM Customers</td>
<td>PG&amp;E Net Surplus Compensation (NSC)</td>
</tr>
<tr>
<td>Legacy Municipal NEM Customers</td>
<td>Retail* + $0.01</td>
</tr>
<tr>
<td>CARE/FERA EBCE NEM Customers</td>
<td>Retail* + $0.01</td>
</tr>
</tbody>
</table>

*Equivalent to the generation rate you are charged for power received from EBCE

e) Return to PG&E Bundled Service:

EBCE customers with NEM service may opt out and return to PG&E bundled service at any time. Customers should be advised that PG&E will perform a true-up of their account at the time of return to PG&E bundled service, and that PG&E’s standard terms for transitional rates apply to customer returns with less than a six-month advance notice if they have been an EBCE customer for 60 days or more.

If any EBCE NEM customer opts out of the EBCE program and returns to PG&E bundled service, EBCE will cash-out any remaining generation credits on the account (using the approach detailed in section d above) and mail a check to the billing address.

f) PG&E NEM Services:

All EBCE NEM customers are subject to the conditions and billing procedures of PG&E for their non-generation services, as described in PG&E’s Electric Schedule NEM and related PG&E tariff options addressing NEM service. Customers should be advised that while EBCE settles out balances for generation on a monthly basis, PG&E will continue to assess charges for delivery, transmission and other services. Most NEM customers will receive an annual true-up from PG&E (on their NEM anniversary with PG&E) for these non-generation services. Customers are encouraged to review PG&E’s most up-to-date NEM tariffs, which are available from PG&E.

g) Aggregated NEM

Per the California Public Utilities Code Section 2827(h)(4)(B), aggregated NEM customers are “permanently ineligible to receive net surplus electricity compensation.” Therefore, any excess accrued credits over the course of a year under an aggregated NEM account are

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ineligible for EBCE’s annual Cash-Out process as described in section (d). All other NEM rules apply to aggregated NEM accounts.