

California Net Metering Ruling; Installations Greater than 1 MW Now Eligible

Friday, January 29, 2016

In a closely watched hearing, the California Public Utilities Commission (CPUC) voted 3-to-2 in favor of extending net metering in California. Eligible customers owning generation such as solar photovoltaic (PV) systems will continue to be able to net the electricity they produce against the electricity they consume.



The decision establishes a successor program to the current Net Energy Metering (NEM) program which continues the basic structure. The program will also be open to customer generation facilities larger than 1 MW. Such larger facilities will need to go through California's "Rule 21" interconnection process

and pay for any need studies or grid improvements required to accommodate the new generation. Certain Armed Forces bases and corrections facilities are included among those eligible to install such larger units.

The decision also makes certain adjustments intended to have NEM customers pay costs which the CPUC recognized as being properly attributable to them. These costs include:

- **Interconnection fees.** This represents the costs for a utility to review and ensure that a NEM system interconnects safely to the grid.
- **Non-bypassable charges.** Previously, NEM customers were allowed to pay required non-bypassable charges based only on their net use of electricity, (i.e., their total usage from the grid minus their electric production). Now they will be required to pay these charges on their total usage from the grid. Non-bypassable charges are used to fund low income and efficiency programs, and are the equivalent of approximate 2-3 cents per kilowatt-hour of energy consumed.

The decision was adopted despite objections from California utilities. PG&E, Edison International and Sempra Energy had sought increased fees and reduced payments to power-generating customers, arguing that customers who don't have solar shouldn't subsidize those who do. The decision does state the intention to revisit related issues, such as the locational value of such generation, in 2019.

The CPUC largely adopted the proposed decision issued by a CPUC Administrative Law Judge in December 2015 and can be found by clicking the link [here](#).

The successor NEM program takes effect for new NEM customers after the utilities' existing NEM program participation caps are met, or by July 1, 2017, whichever occurs first. The utilities are required to submit new tariffs in compliance with the decision within 30 days.

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