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SFPUC Rate Fairness Board

Staff proposed Solar Billing Plan

Discussion Document

December 4, 2025

Preliminary

Net Energy Metering (NEM) at retail generation rate

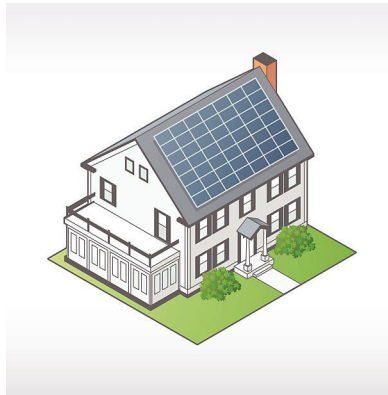
current method: “retail in – retail out”

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“Pros”

- Incentivizes more and larger residential solar installations
- Full value to low-income NEM customers


Retail In




Retail Out

“Cons”

- More low-cost, large-scale solar is shut in during peak production hours
- Large-scale transmission lines (for large-scale solar) are under-utilized
- Retail generation rate paid to customers for their solar power is higher than average wholesale electricity market price

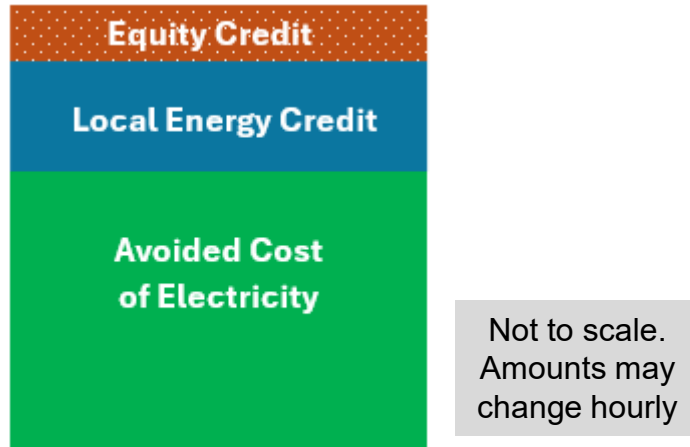
Retail generation rate is generally flat at ~12 cents/kwh during peak solar generation hours

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Staff proposal: Solar Billing Plan

try to align payments with “real-time” economic value of electricity

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“Cons”

- ACC based on utility-scale power throughout California (not on local conditions)
- Total payments to customers are lower, reducing incentives for new local rooftop solar, so perhaps fewer new rooftop solar installations

“Pros”

- Aligns payments to customers with the hourly value on power on the grid (“Avoided Cost Calculation” or ACC)
- Hourly “Local Energy Credit” reflects San Francisco as a premium market (relative to state average) (1 cent/kwh?)
- Keeps low-income customers “whole” relative to NEM, with hourly “Equity Credit”
- Net Surplus Generators credited at avoided cost of RECs
- Lower payments might incentivize “right-size” solar for only on-site use (including battery storage), reducing exports at time of surplus
- “Savings” relative to NEM are allocated to other electrification incentives
- “Grandfathers” higher NEM payments to legacy customers that relied on these revenues for initial solar installations

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RFB Thoughts & Questions

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- ACC is a “black box” to us. No understanding of the calculations or the process, or of the comments for or against.
- For CleanPowerSF, does local rooftop solar “turn off” utility scale solar, or a smaller (local) source of power? (The answer determines true “avoided cost.”)
- We have not seen the public comments on the Staff proposal for Solar Billing Plan.
- Will the lower payments be enough to incentivize new “right-sized” rooftop solar?
- What is the staff’s calculation of the “Local Energy Credit” of ~\$0.01/kwh?
- How does the value of Renewable Energy Credits (RECs, the basis for the proposed Net Surplus Generation payment), vary monthly, annually, etc.? Trends?
- Who benefits from the new electrification incentive programs? Specific customers or all customers?
- What could be gained from additional research by staff?

Preliminary