

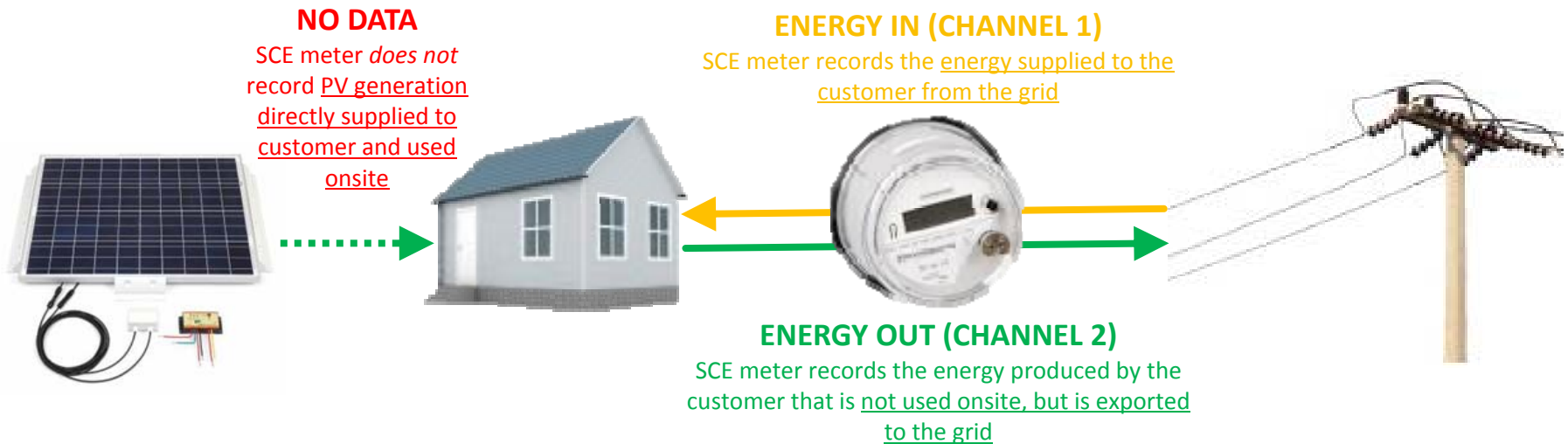
# Overview of Net Energy Metering (NEM) Successor Tariff (NEM 2.0)

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NEM is an optional rate schedule for customers who elect to install eligible renewable generating facilities to supply their onsite energy needs

## How NEM Works

ILLUSTRATIVE



**1** Every month, SCE bills NEM customer for **net energy use**: the difference between Energy In (Channel 1) and Energy Out (Channel 2).

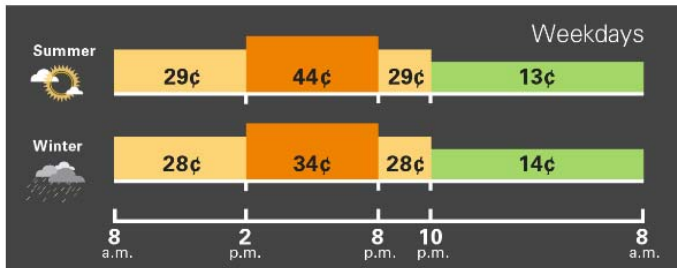
**2** Any monthly net energy credits (kWh) **receive retail credit (in \$)** based on a customer's electric rate schedule and can offset SCE energy charges (in \$) throughout a 12-month Relevant Period.

**3** Any excess energy (in kWh) at the end of the Relevant Period receives **Net Surplus Compensation** (~\$0.025 / kWh).

# Customers with TOU and NEM net their ENERGY IN with their ENERGY OUT within the same TOU bucket

## How TOU and NEM work

TOU-D-A Pricing and Time Periods



Monthly Baseline Credit: 10¢ per Baseline kWh | Daily Basic Charge: 3¢  
Minimum Daily Charge: 33¢

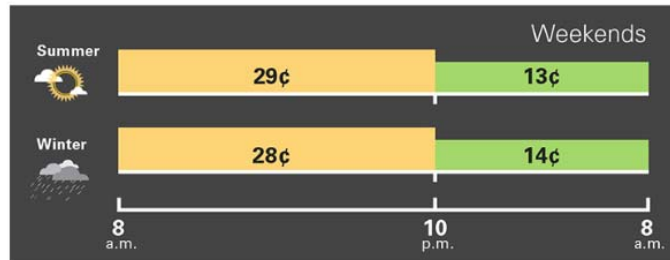
**Summer Rates:**  
June through September, 4 months

**Winter Rates:**  
October through May, 8 months

**Price/kWh:**

- Super Off-Peak
- Off-Peak
- On-Peak

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### Example

1. On-peak exported generation for the month is 300 kWh. On-peak consumption from the grid for the month is 200 kWh.
2. On-peak net generation is 100 kWh; therefore, customers get 100 kWh of on-peak energy credit (\$).
3. Customers can apply this energy credit (\$) to off-peak and super off-peak energy consumption.

**1** Customers “net” their energy use within each TOU bucket. TOU buckets with net generation receive credit associated with the retail price of that TOU bucket; TOU buckets with net consumption are charged for energy at the retail price of that TOU bucket.

**2** Charges and credits for all TOU buckets are combined and the customer is billed or credited (\$) for the month at retail rates based on a customer’s electric rate schedule. Net energy credits (\$) can offset SCE charges (\$) throughout a 12-month Relevant Period.

**3** Any excess energy (in kWh) at the end of the Relevant Period receives Net Surplus Compensation (~\$0.025 / kWh).

# NEM 2.0 Tariff Summary

"Realigned NEM" – CPUC Decision (D.)16-01-044	
<b>Overall Structure</b>	<ul style="list-style-type: none"> <li>Continues basic NEM structure of netting kWh imports and exports over a 12-month Relevant Period, with monthly energy charges and credits based on the rates in a customer's underlying retail rate schedule</li> </ul>
<b>Effective Date</b>	<ul style="list-style-type: none"> <li>NEM 2.0 projected to become effective in SCE's service territory on <b>July 1, 2017</b> (<i>unless we hit our NEM 1.0 cap earlier</i>)</li> <li>Allowed to stay on NEM 2.0 tariff for <b>20 years</b> from the date of interconnection (<i>underlying retail rate schedule is not grandfathered</i>)</li> </ul>
<b>Nonbypassable Charges (NBCs)</b>	<ul style="list-style-type: none"> <li>NBCs include the Public Purpose Program Charge, Nuclear Decommissioning Charge, Competition Transition Charge and DWR Bond Charge (<i>currently at \$0.0261</i>)</li> <li>NBCs are assessed on the net of imports and exports in each metered interval</li> </ul>
<b>Mandatory TOU</b>	<ul style="list-style-type: none"> <li>All NEM 2.0 customers must be on a TOU retail rate schedule (<i>residential default is currently TOU-D-A</i>)</li> </ul>
<b>Sizing</b>	<ul style="list-style-type: none"> <li>Removes 1 MW sizing limit but generating facilities must still be sized to load</li> </ul>
<b>Interconnection Costs</b>	<ul style="list-style-type: none"> <li><b>≤1 MW:</b> \$75 interconnection fee (<i>SASH exemption</i>) but retains exemptions from study costs, distribution upgrade costs, standby charges and departing load charges</li> <li><b>&gt;1 MW:</b> must pay all interconnection costs but retains exemption from standby and departing load charges</li> </ul>
<b>Virtual NEM Options</b>	<ul style="list-style-type: none"> <li>Retains MASH-VNM (<i>income-qualified multifamily</i>), NEM-V (<i>multi-meter, multi-tenant</i>) and NEM-A (<i>multi-meter</i>)</li> </ul>
<b>DA/CCA Customers</b>	<ul style="list-style-type: none"> <li>Direct Access (DA) and Community Choice Aggregation (CCA) customers are eligible provided their Electric Service Provider (ESP) or Community Choice Aggregator also offers a comparable NEM 2.0 tariff</li> </ul>
<b>DAC Option</b>	<ul style="list-style-type: none"> <li>Defers adoption of alternatives for Disadvantaged Communities (DAC) to Phase 2 of the proceeding (<i>currently ongoing</i>)</li> </ul>
<b>Upcoming Changes</b>	<ul style="list-style-type: none"> <li>CPUC to review tariff structure options for customer-sited DG in 2019 ("<i>3.0</i>" tariff)</li> <li>Shifting TOU periods to better align with costs (<i>proposed 4 to 9 p.m. on-peak period</i>)</li> </ul>



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## Contact:

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