

California Net Billing Factsheet for Commercial Solar Customers



The California Public Utilities Commission (CPUC) adopted a new program for businesses installing solar. This program, called Net Billing, replaces the existing Net Energy Metering 2.0 (“NEM 2.0”) program. It only applies to new on-site solar systems (a.k.a., “behind the meter systems”) for customers of PG&E, SCE, and SDG&E.

Commercial customers will continue to take service on their applicable rate schedule. Excess electricity sent to the grid will be credited at the cost the utility would have to pay for power, known as avoided cost. This fact sheet is designed to help commercial customers understand the high-level details of the new Net Billing program. For additional information, we recommend consulting the resources on the California Public Utilities Commission’s website.

Here’s what you need to know

If your interconnection application is submitted on or after April 15, 2023, you will be placed on Net Billing instead of NEM 2.0. Having a contract signed or a system installed before April 15, 2023 is not enough. If you submitted an interconnection application before April 15, 2023, you have three years to bring your project online, after which time you will no longer qualify for NEM 2.0. If your project is not brought online within three years and the delay is the fault of the utility, you may receive an extension.

There are no changes if you already are taking service under the NEM 1.0 or NEM 2.0 tariff. You can stay on your current tariff for 20 years after your system is connected to the grid before moving to Net Billing.

Net Billing Compensation/Rates



Base Export Rate: Instead of being compensated at retail rates for electricity sent back to the grid, you will receive a credit based on avoided cost. This number is typically a fraction of what you pay for electricity. If you submit your interconnection application before the end of 2027, your export rate will be locked in for 9 years from when your system is connected to the grid. After 9 years, your export rate changes every year.



Charges: You will pay non-bypassable charges (“NBCs”) on electricity that you purchase from the grid. Four of these charges- the Public Purpose Program Charge, Nuclear Decommissioning Charge, Competition Transition Charge, and the Wildfire Fund Charge - cannot be zeroed out with the base export credits.

Other Considerations



Batteries: Net billing is designed to encourage solar customers to add battery storage to their solar systems. You may want to consider adding battery storage when you go solar. Batteries allow you to store excess electricity and use it when rates are highest.



California Net Billing Factsheet for Commercial Solar Customers



Additional Resources



CPUC ZEV Rate Design Forum

<https://www.cpuc.ca.gov/electricrates>



SB 535 Disadvantaged Communities

<https://oehha.ca.gov/calenviroscreen/sb535>



Fact Sheet – Net-Energy Metering Tariff Revisit Proceeding

<https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/demand-side-management/net-energy-metering/nem-revisit/fact-sheet>



SEIA Consumer Protection

<https://www.seia.org/initiatives/consumer-protection>