



NET ENERGY METERING (NEM) AND ROOFTOP SOLAR FAQ

This document addresses frequently asked questions regarding how Peninsula Clean Energy will likely serve future customers with on-site renewable generators (e.g., rooftop solar, renewable fuel cells, micro wind turbines, etc.), including customers enrolled in Pacific Gas & Electric's (PG&E) Net Energy Metering (NEM) option.¹ NEM is a service option that has been designed to accommodate customers with on-site renewable generating facilities, which have been installed for purposes of offsetting some or all of such customer's typical electric energy usage.

Currently, customers participating in PG&E's NEM service option receive bill credits for any energy produced by their respective on-site generating facilities. These credits reduce charges that would otherwise be paid by the customer if he or she did not have an on-site generating facility. In certain instances, customers may receive payments from PG&E if annual energy production exceeds annual energy use; such "surplus production" will be considered when determining the payment amount to be issued to the customer.

Community Choice Energy (CCE) programs in Northern California, namely Marin Clean Energy (MCE) and Sonoma Clean Power (SCP) have also implemented NEM programs to support customers with on-site generating facilities. Under CCE-administered NEM programs, customers have generally enjoyed comparatively higher incentives relative to similar programs administered by PG&E. It is important to note that while it is very likely Peninsula Clean Energy will have similar NEM programs to those currently offered by MCE and SCP, the decision to develop and administer such programs will ultimately fall with Peninsula Clean Energy's Board of Directors.

What is Net Energy Metering (NEM)?

Net Energy Metering (NEM) is a program that allows residents to use a special two-direction meter that tracks both the amount of electricity produced by an on-site generating system as well as the amount of electricity consumed at that particular account. If the amount of electricity used is less than the amount produced, the utility (or CCE) may issue a bill credit to the customer. NEM generating systems are generally installed to offset some or all of the customer's typical electric energy use, and financial incentives are generally limited to generating systems that are sized with this purpose in mind (more specifically, financial incentives are not typically offered for "oversized" generating systems, which are

designed to produce more electricity than the customer typically consumes).

Are CCE customers eligible for NEM programs?

Yes, if a CCE program chooses to offer a NEM service option. To date, CCEs in the Bay Area have offered highly competitive NEM service programs with thousands of participating customers. Many CCE NEM customers have received significant financial benefits.

What rates typically apply to NEM customers?

Under a NEM arrangement, customers receive electricity service under their usual tariff option. However, during periods of time when a NEM customer's on-site generating facility produces electric power, the customer's energy charges

¹ It is important to note that the specific details of Peninsula Clean Energy's NEM program have yet to be developed. Such details will be discussed and adopted by Peninsula Clean Energy's Board of Directors at a future, duly noticed public meeting.

are reduced. In the event that energy production exceeds usage, a credit is issued to the customer on her/his bill. If energy usage exceeds on-site production, charges will accrue in consideration of the customer's otherwise applicable rate schedule. Simply put, the customer's meter "spins" forward or backward, depending on whether electric energy is being produced or consumed and charges or credits are applied in consideration of net usage.

Can I receive a payment from the utility (or Peninsula Clean Energy) if I produce more energy than I consume?

If you receive NEM service from PG&E, the utility performs an annual "true-up", which determines the difference in the total amount of energy produced by the customer's on-site generating system and the total amount of energy consumed by the customer. If annual on-site energy production exceeds energy consumption, the customer will be eligible for a direct payment (or bill credit) from PG&E, according to the Net Surplus Compensation Methodology (which currently applies a surplus payment rate approximating \$0.03 – \$0.04 per kWh). This true-up would also be performed at the time a customer switches electric service from PG&E to Peninsula Clean Energy to reconcile all charges and/or credits pertaining to the NEM customer's account. Following the customer's transition from PG&E to Peninsula Clean Energy service, the annual true-up process may also occur around the anniversary of the customer's transition to CCE service.

Are CCE-administered NEM programs different than PG&E's NEM program?

There are a few key differences between NEM programs currently offered by PG&E and CCEs (we anticipate Peninsula Clean Energy's NEM program will be similar to those offered by the current CCEs).

1. Both MCE and SCP settle customer charges and credits on a monthly basis (meaning, there is no annual true-up process for charges and credits relating to CCE service). However, PG&E will continue to perform an annual true-up

process for all delivery charges – remember, PG&E will continue to operate and maintain the electric delivery system in your neighborhood and will pass through related charges, which typically represent approximately one half of your energy bill.

2. Excess generation (above what a customer uses) is paid at a wholesale rate under PG&E's NEM service option but at a retail rate under MCE and SCP NEM options. MCE and SCP NEM programs also offer an additional \$0.01/kWh bonus for any surplus energy production – this bonus is paid out on top of the customer's otherwise applicable retail rate in order to incentivize local distributed renewable energy development.
3. Under MCE and SCP NEM options, any accrued bill credits do not expire, but instead roll over to the next year. You can cash out annually if you have over \$100 in credits.

Will Peninsula Clean Energy offer a NEM program when it launches?

While this appears to be very likely, the final decision to offer a Peninsula Clean Energy-administered NEM program will be made by Peninsula Clean Energy's Board of Directors. Specific details related to Peninsula Clean Energy's prospective NEM program as well as other programs that may be offered by Peninsula Clean Energy will be discussed at a duly noticed public meeting with opportunity for discussion and public comment.

I have my own solar panels installed on my house. What changes if I choose Peninsula Clean Energy as my electricity provider?

You will still use the power generated by your solar panels; any additional electricity you consume will be supplied by Peninsula Clean Energy. If you produce more electricity than you use, we expect that Peninsula Clean Energy's NEM program will provide bill credits in a similar manner to the programs currently administered by MCE and SCP – we expect that Peninsula Clean Energy's NEM program will be entirely

compatible with PG&E's billing protocols and tariff options. If you were previously a NEM customer with PG&E, we anticipate that you will be transitioned to a similar Peninsula Clean Energy-administered NEM program at the time your service commences. When you switch to Peninsula Clean Energy, PG&E will perform a NEM true-up to reconcile all charges and credits related to your account before CCE service begins. Afterwards, you will be credited/charged with the new rates under Peninsula Clean Energy's anticipated NEM program. If you have already paid an interconnection fee to PG&E, you should not need to pay this fee again.

Do I need to sign a Power Purchase Agreement in order to be able to sell my excess power back to the grid?

No, through participation in the NEM program, you will receive bill credit for any excess electricity that may be generated by your system. This does not require signing a Power Purchase Agreement. Customers with larger solar projects, which are specifically designed as wholesale power plants, may be eligible for Peninsula Clean Energy's future feed-in tariff (FIT) program. FIT programs typically utilize standard power contracts with predetermined prices to augment other wholesale power sources.

I currently have solar panels on my rooftop through a leasing arrangement with a vendor (e.g. SolarCity, SunRun, SunEdison). How will joining PCE affect me?

We anticipate that under Peninsula Clean Energy, you will continue to make any applicable payments to your vendor while receiving credits and related charges from the CCE. The CCE service relationship does not impact the lease and you will continue to receive credits and charges just as you do now.

I currently have solar panels on my rooftop through a Power Purchase Agreement (PPA) with a vendor. How will joining PCE affect me?

We anticipate that following a transition to Peninsula Clean Energy service, the PPA would remain unchanged and would not impact NEM participation. For Peninsula Clean Energy customers, the only difference following service commencement would be that all energy consumed in excess of on-site energy production would be supplied by Peninsula Clean Energy (rather than PG&E) and credited/charged based on PCE's rates.

How does switching to Peninsula Clean Energy affect a Virtual Net Energy Metering (VNEM) customer?

Virtual Net Energy Metering, or "VNEM," is a specialized NEM arrangement that is only available to service accounts located within a multi-tenant complex with multiple electric meters that have an on-site renewable generator. Through VNEM service arrangements, tenants may receive an allocation of credits produced by the on-site renewable generator, which will be applied during customer billing for purposes of offsetting otherwise applicable energy charges. Certain charges may apply at the time of VNEM service establishment.

Where can I find more information on NEM and rooftop solar programs?

PG&E's page on NEM:

<http://www.pge.com/en/myhome/saveenergymoney/solar/nembill.page>

Marin Clean Energy's page on rooftop solar:

<http://mcecleanenergy.org/solar-customers/>

PG&E's FAQ on CCA and NEM:

http://www.pge.com/includes/docs/word_xls/s_hared/newgenerator/netenergymetering/cca_nem_faq.doc

For more information on NEM programs or Peninsula Clean Energy, please contact info@peninsulacleanenergy.com, or visit our website at <http://peninsulacleanenergy.com/>