

September 14, 2022

Governor Gavin Newsom
1021 O Street, Suite 9000
Sacramento, CA 95814
VIA EMAIL

RE: Opposing the Misrepresentation of Equity in California’s Net Energy Metering Debate: Reject the Solar Tax and Maintain the Solar Credit

Dear Governor Newsom,

The undersigned 129 California and national organizations submit this letter to urge you to take a stand against the misrepresentation of equity that has dominated the Public Utilities Commission’s (CPUC) Net Energy Metering (NEM) proceeding. Utility companies and other proponents of the “cost shift” argument—that (affluent) solar customers are shifting utility costs onto (low-income) non-solar customers—have weaponized equity to limit or even eliminate the NEM program in California. This is a tactic being used by utilities in other parts of the country to attack rooftop solar.

As reflected by the modifications to the NEM program in the CPUC’s December 2021 Proposed Decision, this cost-shift argument has gained traction, dangerously ignoring and perpetuating the disproportionate impacts of pollution and energy violence in disadvantaged communities (DACs). **We therefore urge you to stand with California’s DAC residents, reject the misrepresentation of equity in the NEM debate, reject the “solar tax,” and maintain the solar credit to grow rooftop solar in DACs.**

It is critical to confront the misrepresentation of equity issues at the heart of California’s NEM proceeding. The Proposed Decision seeks to tax solar and dramatically decrease the NEM solar credit, explicitly to address a *purported* shifting of costs onto low-income customers. The CPUC’s NEM analysis, however, suffers from three fatal flaws.

First, the CPUC has not examined individual energy bills to determine the current NEM program’s specific impact on low-income customers who are not participants in the program. Therefore, there is no body of data regarding the purported NEM cost shift onto low-income customers—what the proposed solar tax is meant to avoid.

Second, instead of studying actual utility bills, the CPUC bases its “cost shift” assertion on deeply flawed modeling tools that entirely ignore certain significant benefits of NEM to California DACs and the enormous harms (economic and otherwise) of continued reliance on fossil fuels. Specifically, the flawed modeling tools ignore or underestimate:

- **The significant reduction in greenhouse gas emissions** from not having to operate or build fossil fuel infrastructure that the NEM program displaces, and the disproportionate harms that climate-induced disasters and the climate emergency impose on DACs.

- **The public health benefits of fewer fossil-fuel power plants in DACs.** This includes the significant, disproportionate and cumulative costs of criteria, toxic, and water pollutants on DAC residents who live, work, or play around fossil fuel extraction and generation infrastructure.
- **The significant decrease in transmission and distribution costs that the NEM program saves all ratepayers.** For example in 2018 alone, the California Independent Systems Operator, citing increased rooftop solar and energy efficiency, canceled 20 transmission projects at a \$2.6 billion savings to all ratepayers.
- **The increased electricity system reliability and resiliency in DACs** that NEM provides as a distributed, decentralized power system. This includes the public health and safety benefits of stopping power shutoffs.
- **The avoided environmental and land use harms from fossil fuel plants and badly-sited utility-scale solar and wind projects,** including significant impacts to biodiversity, habitats and species, and the elimination of natural carbon sinks.
- **The significant costs of utility-caused wildfire mitigation,** such as the costs for undergrounding of transmission lines and associated power shutoffs that the NEM program saves all ratepayers.
- **The local economic and job benefits that NEM creates,** including local clean energy installation jobs which are more numerous than utility-scale clean energy jobs and fossil fuel jobs.

Third, the CPUC fails to consider the impact of undermining rooftop solar benefits on DACs—both for existing NEM participants and for those without access to solar. Existing NEM participants would suffer increased energy costs and a devaluation of their solar investments. Those without access to solar would continue to be denied; and the continuous growth since at least 2010 of rooftop solar installations by low- and moderate-income customers would come to a halt. This includes expansion of solar in DACs, particularly in the San Joaquin Valley, as well as low-income customers in the Solar on Multifamily Affordable Housing and the Multifamily Affordable Solar Housing programs. A solar tax and/or a reduced NEM solar credit would simply reduce the scale of rooftop solar deployed in California. It would undermine the necessary shift away from fossil fuels, and towards safely and reliably retiring our most polluting gas plants in DACs.

California’s solar cost-shift debate is simply a distraction from the real question at hand: how to eliminate the barriers to greater deployment of renewables in DACs and low-income communities. This requires increased and targeted funding of rooftop and community solar in DACs, and the expansion of the NEM program. Ensuring swift solar adoption in DACs should be a primary focus for the renewable energy transition.

Overall, weakening the NEM program, as proposed by the CPUC, simply imposes additional barriers to the achievement of California’s—and the country’s—climate and equity goals. The only beneficiaries of a weakened NEM program are the state’s private electric utilities, who have weaponized the purported equity issue to perpetuate their stranglehold on the state’s centralized, fossil-fuel intensive, power system.

We respectfully urge you to stand with the people of California, not the private utilities, and reject the misrepresentation of equity in the CPUC's NEM proceeding: reject the proposed solar tax and dramatic reduction of the NEM solar credit.

Sincerely,

[Signatures on next page]

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