

California Legislature

May 7, 2012

Commissioner Michael R. Peevey, President
California Public Utilities Commission
505 Van Ness Avenue
San Francisco, CA 94102

Dear President Peevey:

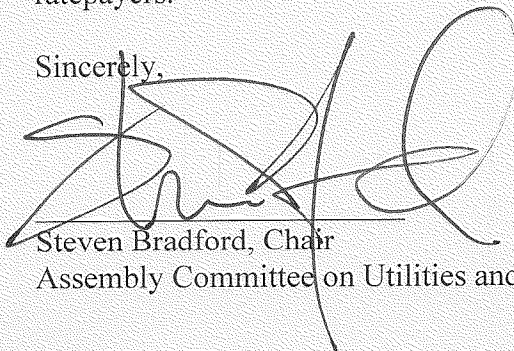
We write to express concern about action currently being contemplated at the California Public Utilities Commission (CPUC) to administratively raise the current cap on net energy metering (NEM). We believe any action to raise the cap above the existing 5 percent of the aggregate customer peak demand established by AB 510 (Skinner) is the Legislature's prerogative and requires a change in state law.

In 1996, the Legislature established net metering to encourage the adoption of customer-owned solar energy. In 2009, the Legislature increased the cap requiring utilities to offer net energy metering at "5 percent of the electric utility's aggregate customer peak demand" to accommodate full implementation of the California Solar Initiative. Had the Legislature intended to raise the cap to accommodate solar beyond the 3,000 megawatts of rooftop solar installations contemplated in CSI, it would have done so at that time.

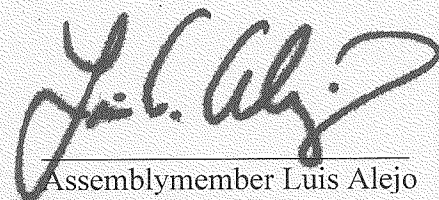
Over the last 15 years, each time the Legislature authorized increases to the NEM cap, the increase was based on the aggregate customer peak demand to accommodate the growth of net-metered customers. In each of these cases, our legislative analyses and the CPUC's own analyses indicated the cap is based on aggregate customer peak or utility system peak. At no time was the concept of redefining aggregated peak demand considered by the Legislature. Such a change in definition of "aggregate customer peak demand" would in effect raise the NEM cap more than double the current cap level and would result in a cost shift of over \$1.5 billion to non-solar customers without legislative approval. Any administrative action by the CPUC to lift the NEM cap in this way is suspect and unacceptable.

The Legislature fully expects the California Public Utilities Commission to consider both the legislative history of net energy metering, as well as the impacts on all ratepayers. Any action to increase the NEM cap should only be done through the Legislature as part of a thorough discussion of the cost and benefits to all California ratepayers.

Sincerely,



Steven Bradford, Chair
Assembly Committee on Utilities and Commerce



Assemblymember Luis Alejo


Assemblymember Joan Buchanan


Assemblymember Charles Calderon


Assemblymember Felipe Fuentes



Assemblymember Roger Hernández


Assemblymember Ricardo Lara


Senator Curren Price


Senator Mark Wyland


Senator Tom Berryhill


Assemblymember David Valadao


Assemblymember Gilbert Cedillo


Assemblymember Mike Davis

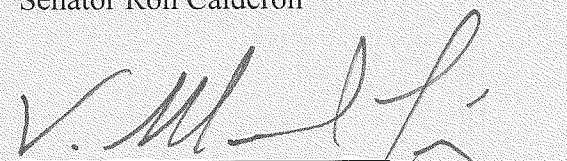

Assemblymember Martin Garrick


Assemblymember Ben Hueso


Assemblymember Henry Perea


Senator Roderick Wright


Senator Ron Calderon


Assemblymember V. Manuel Pérez


Assemblymember Jeff Gorell

cc: Governor Jerry Brown
Commissioner Timothy Alan Simon
Commissioner Michel Peter Florio
Commissioner Catherine J.K. Sandoval
Commissioner Mark J. Ferron
Lynn Sadler, Director, Office of Governmental Affairs, CPUC